NIAGARA REGION

Annual Financial Update

December 2013

Niagara Region

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Niagara Region

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On behalf of Niagara Region, we are pleased to provide you with the fourth quarter and year-end financial update.

Niagara is a culturally rich and historically significant region that offers its 431,345 residents a mix of urban and rural living across 12 area municipalities. The region boasts a diverse economy that includes manufacturing, tourism, agriculture and emerging sectors such as new media, green technology and bioscience.

Regional government operations are administered by Niagara Regional Council which is comprised of 30 elected representatives from 12 area municipalities and the Regional Chair. The current Regional Council was elected in October 2010 and the 31 members will serve a four year team to November 30, 2014.

Through 2013, Niagara Region demonstrated its focus on strengthening governance and financial sustainability with the following achievements: Standard & Poor's consistent AA (stable) debt rating, receipt of The Government Finance Officers Association Distinguished Budget Presentation award, Council's approval of an Integrity Commissioner, a shortlist of vendors to provide a new financial management information system, and a 2014 budget was developed within corporate guidance.

Niagara Region concluded the year with a funding surplus of $11.6 million ($5.5 million related to the levy programs and $6.1 million related to rate programs). This surplus represents 1.4 per cent of Niagara Region's 2013 operating budget. This surplus is being generated mainly by favourable tax revenue, salary gapping, caseload reductions and favourable road maintenance conditions.

Affordability and sustainability are two key elements of Niagara Region's budget strategy. Achieving a balance between delivering the programs and services residents rely on, ensuring they can afford to pay for them and that Niagara Region has the money to fund future infrastructure and programs is critical.

We trust you will find value in the information provided in this report and welcome your suggestions for future improvement at www.niagararegion.ca.

Maurice Lewis

Maurice Lewis, Treasurer (2014), Commissioner of Corporate Services

Chris McQueen, Treasurer (2013) / Acting Director, Financial Management & Planning

Consolidated Funding Surplus/(Deficit) Review

Description	Levy	Water & Wastewater	Waste Management	Total
Operating Funding Surplus/(Deficit)				
Regional Departments	$ 4,115,691	$ 2,175,211	$ 3,929,414	$ 10,220,316
General Government & Special/Joint Initiatives	4,092,724	-	-	4,092,724
Boards and Agencies	(2,721,273)	-	-	(2,721,273)
Operating Funding Surplus/(Deficit)	$ 5,487,142	$ 2,175,211	$ 3,929,414	$ 11,591,767

Comments

Levy supported Regional departments have a surplus of $4,115,691 which represents 1.1 per cent of the budgeted gross expenditure for departments. In particular, Public Works Levy has a surplus of $1.7 million primarily due to savings in the Transportation division where costs incurred are directly related to weather conditions experienced during the year. Public Health is projecting a surplus of $1.3 million primarily due to expected savings in personnel costs resulting from staff leaves. Surpluses were experienced in most departments (see commentary in the department pages of this booklet).

The levy supported General Government surplus of $4,092,724 is primarily due to tax write-offs being $0.9 million less than budgeted, and supplemental tax revenue and payments-in-lieu of tax revenue were over budget by $1 million and $1.6 million, respectively.

The levy supported boards and agencies deficit of $2,721,273 is mainly being driven by the arbitrated settlement awarded to the Niagara Regional Police Service (NRPS) for the Niagara Regional Police Association's Uniform and Civilian Collective Agreements (January 1, 2012 to December 31, 2012), and the subsequent settlement of the 2013 to 2015 Collective Agreements which contributed to an unfavourable variance of $4.6 million for personnel costs. This was offset by approximately $1.3 million in savings by NRPS in other areas and a $0.9 million surplus in Niagara Regional Housing resulting from savings in utilities due to energy-efficient improvements and favourable weather conditions.

Water and Wastewater Services surplus of $2,175,211 is primarily due to decreased spending on consulting services due to initiatives impacted by vacancies in key positions, and sludge disposal savings due to efficiencies realized through optimization efforts.

Waste Management Services surplus of $3,929,414 is primarily due to savings in purchased services and materials and due to Stewardship Ontario/Waste Diversion Organization Blue Box funding for 2013 being higher than budgeted due to the timing of the 2013 funding allocation announcement (December 2012).

As proposed in CSD 11-2014, it is recommended that the yearend surplus be transferred to reserves as follows:

Contingency Reserve	$ 100,000	Fund 2014 contribution to Bicentennial 1812
Contingency Reserve	650,000	Fund 2014 budgeted industrial and non-profit development charge grants
Court Services Facility Reserve	(547,432)	Eliminate 2013 Court Services deficit
NRH Reserve for Owned Units	370,000	Mitigate the loss of federal funding and increases in hydro costs
Capital Levy Reserve	482,517	Fund Broadoak development project (NRH) energy rebates if not approved
CBRN Emergency Response Team Reserve	10,077	Retain CBRN Emergency Response Team surplus for future program needs
Fire Coordinator Reserve	10,625	Retain Fire Coordinator surplus for future program needs
OPVTA Reserve	20,000	Retain Ontario Police Video Training Alliance funding for future program needs
PSB Contingency Reserve	81,444	Retain Police Services Board surplus as a contingency for future program needs
Improvement Initiatives Reserve	1,000,000	Fund cost saving initiatives and efficiencies
Taxpayer Relief Reserve	3,309,911	Reduce levy requirements in future years
Levy related transfers	$ 5,487,142	
Water Operating Reserve	$ 496,542	Support the ongoing program
Sewage Operations Capital Works Reserve	29,434	Support the ongoing program
Wastewater Operating Reserve	1,649,235	Support the ongoing program
Waste Management Reserve	3,929,414	Support the ongoing program
Rate related transfers	$ 6,104,625	

Consolidated - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 347,265,596	$ 348,615,226	$ (1,349,630)
Administrative Expenses	7,696,700	7,133,282	563,418
Materials, Supplies & Utilities	47,534,096	44,522,444	3,011,652
Repairs & Maintenance	18,902,535	19,116,117	(213,582)
Purch. Serv. & Other Operating Exp.	128,346,737	127,372,326	974,411
Social Assistance	98,641,329	91,460,783	7,180,546
Financial Expenditures	55,426,514	53,727,721	1,698,793
Capital Equipment & Renovations	1,968,647	2,723,701	(755,054)
Housing Provider Subsidy & Supplements	28,649,595	28,152,976	496,619
Transfers to Reserves	74,759,878	78,404,218	(3,644,340)
Allocations to Capital Program	(1,894,559)	(2,159,069)	264,510
Total Gross Expenditure	**807,297,068**	**799,069,725**	**8,227,343**
Revenue			
Taxation - Levy	(318,942,420)	(321,697,720)	2,755,300
Taxation - Rate	(142,618,218)	(141,463,282)	(1,154,936)
Ontario/Canada Grants	(240,540,250)	(238,419,682)	(2,120,568)
Fees & Service Charges	(38,180,575)	(38,995,163)	814,588
Other Revenue	(57,497,022)	(59,684,951)	2,187,929
Transfers from Reserves	(9,518,583)	(10,400,694)	882,111
Total Revenue	**(807,297,068)**	**(810,661,492)**	**3,364,424**
Net Expenditure/(Revenue)	**$ -**	**$ (11,591,767)**	**$ 11,591,767**

Consolidated - Statement of Operations (continued)

Variance Analysis

The $1,349,630 unfavourable variance in Personnel Costs is mainly driven by:

- The arbitrated settlement awarded to Niagara Regional Police Service (NRPS) for the Niagara Regional Police Association's Uniform and Civilian Collective Agreements (January 1, 2012 to December 31, 2012), and the subsequent settlement of the 2013 to 2015 Collective Agreements which contributed to an unfavourable variance of $4.6 million for personnel costs in NRPS.
- The unfavourable variance is offset partially by positive variances in other departments including $1 million from Public Health, $0.8 million Water and Wastewater Services, $0.7 million from Public Works and $0.5 million in Waste Management and $0.5 million in Community Services (see commentary in department pages of this booklet).

The $3,011,652 favourable variance in Materials, Supplies & Utilities is mainly being driven by:

- The Transportation division within Public Works where cost savings were experienced in fuel purchases, vehicle parts and supplies, and a variety of other road maintenance supplies
- Savings were experienced in Waste Management due to lower contract payments to Waterloo and Haldimand and other third party vendors due to lower recycling market costs
- Savings were experienced in Niagara Regional Housing as a result of capital energy-efficient improvements and favourable weather conditions

The positive variance in Social Assistance is the result of a caseload dominated by singles; allowances and benefits are lower. This is also the primary contributor to the unfavourable variance in Ontario/Canada Grants.

The final aggregate 2013 tax revenue position was $2,755,300 more than budget, with major variances in the following categories:

- Supplemental tax revenue was $1 million over budget due to in-year assessment growth
- Payments-in-lieu of tax revenue was $1.6 million over budget primarily due to the graduated tax policy

The favourable variance in Other Revenue is primarily the result of additional investment income (see investment report for further details on page 50).

See pages 43 and 44 for a full reconciliation of reserve transfers outside of the 2013 Council approved budget

Corporate Administration - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 1,966,186	$ 1,911,957	$ 54,229
Administrative Expenses	187,186	206,458	(19,272)
Materials, Supplies & Utilities	31,350	37,770	(6,420)
Purch. Serv. & Other Operating Exp.	123,450	149,409	(25,959)
Capital Equipment & Renovations	1,750	4,003	(2,253)
Allocations Between Departments	7,411	5,369	2,042
Total Gross Expenditure	**2,317,333**	**2,314,966**	**2,367**
Revenue			
Other Revenue	(23,000)	(33,405)	10,405
Total Revenue	**(23,000)**	**(33,405)**	**10,405**
Net Expenditure/(Revenue) before Indirect Allocation	**2,294,333**	**2,281,561**	**12,772**
Indirect Allocation			
Indirect Allocation	234,515	302,456	(67,941)
Debt Allocation	124,540	130,221	(5,681)
Total Indirect Allocation	**359,055**	**432,677**	**(73,622)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 2,653,388**	**$ 2,714,238**	**$ (60,850)**

Corporate Administration - Statement of Operations (continued)

Community Impacts & Achievements

The Corporate Administration (Council, Offices of the Regional Chair and Chief Administrative Officer) budget is largely personnel cost driven. This team provides overall political leadership, governance, policy direction, management and administration of the Corporation.

Major Priorities / Initiatives include:

- Implementing Council's 2012-2015 Business Plan that aims to improve services and reduce costs; improve Niagara's economy, governance and community services,
- Leadership in review of the Region's various programs and service delivery areas for continuous improvement. Driving improved effectiveness and greater efficiency including development of clear and meaningful performance measures
- Delivering effective government and stakeholder relations to leverage partnerships and secure provincial and federal government support for Niagara's program and infrastructure needs and priorities

2013 Achievements include:

- Business Planning Sessions/Committees of the Whole, addressing; governance, the Housing and Homelessness Plan, development charges, the region-wide water and wastewater service review and the investigation and deliberation of an inter-municipal transit program
- Enabling the "Responsive Region Improvement Team" to continue, as well as support program reviews to enhance service to residents; find process improvements; and achieve measurable savings for Niagara taxpayers
- Delivered another successful "Niagara Week" government relations event in Queen's Park to educate the provincial government on the needs of Niagara and secure their support for our priorities
- Promotion and support of Niagara's Economic Development model that leverages collective efforts in Niagara, to improve business retention, expand services and provide single-window service to potential businesses in Niagara
- Direction on a number of facilities related projects integral to enhanced service delivery, including Court Services, NRPS and Council chambers
- Support and scoping of enhanced processes and approaches, including - but not limited to, a new financial management system, lakefront enhancement strategy, Niagara age-friendly and Niagara Region's cultural capital of Canada program

Variance Analysis / Vacancy Management

Additional payroll-related costs were incurred due to the departure of the Director of Administration and the Chief Administrative Officer. Departure costs included vacation entitlements and recruitment for the new Chief Administrative Officer. A favourable variance in personnel costs was realized as a result of the realignment of business supports in Corporate Administration achieved under the incoming CAO.

Council attending conferences and conventions had a significant budget impact; along with Council approval of an Interim Integrity Commissioner.

Corporate Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 18,039,461	$ 17,665,093	$ 374,368
Administrative Expenses	476,298	385,395	90,903
Materials, Supplies & Utilities	2,060,155	1,652,104	408,051
Repairs & Maintenance	2,059,838	1,902,539	157,299
Purch. Serv. & Other Operating Exp.	7,223,852	7,805,392	(581,540)
Financial Expenditures	213,687	205,763	7,924
Capital Equipment & Renovations	21,610	81,460	(59,850)
Allocations Between Departments	(180,978)	(178,697)	(2,281)
Allocations to Capital Program	(127,500)	(352,457)	224,957
Total Gross Expenditure	**29,786,423**	**29,166,592**	**619,831**
Revenue			
Ontario/Canada Grants	(12,500)	(16,918)	4,418
Fees & Service Charges	(145,101)	(86,384)	(58,717)
Other Revenue	(563,766)	(614,867)	51,101
Transfers from Reserves	(2,478,477)	(2,691,827)	213,350
Total Revenue	**(3,199,844)**	**(3,409,996)**	**210,152**
Net Expenditure/(Revenue) before Indirect Allocation	**26,586,579**	**25,756,596**	**829,983**
Indirect Allocation			
Indirect Allocation	(26,586,579)	(25,756,596)	(829,983)
Total Indirect Allocation	**(26,586,579)**	**(25,756,596)**	**(829,983)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ -**	**$ -**	**$ -**

Corporate Services - Statement of Operations (continued)

Community Impacts & Achievements

A significant number of projects were initiated by Corporate Services in the fourth quarter of 2013, including:

- Legal support for a number of files, including: NRPS facilities, general procurement issues; Water/Wastewater review; Wind Energy Niagara project; court site selection
- 2014 operating, rate and capital budgets for Regional departments approved in Q4, and below council-directed guidance (1.89 per cent)
- A number of tenders and request for proposals (RFP) released/awarded/closed in the fourth quarter, including the tender for the Burgoyne Bridge and RFP for site evaluations and design services for court service facilities
- Support for organizational changes that have occurred in 2014, along with recruitments for a number of senior administrative positions within the corporation
- Council chambers renovations continued, with work on track for completion in Q1 of 2014
- Construction commenced on the NRPS headquarters and 2 District. Completion anticipated in August 2015
- Architectural design work commenced on the proposed EMS station to be located at regional headquarters
- Short-listed bidders for Enhanced Financial Management System tender
- Purchasing awards in the fourth quarter totaling over $26M – in accordance with our Purchasing By-law
- Finalized the Microsoft Enterprise Agreement, and the ESRI geographic information systems (GIS) agreement, expanding the functionality and licensing for NRPS use
- Supported completion of the Niagara Gateway Economic Initiative – a web based information marketing tool for marketing commercial properties
- Human Resources and IT entering into a shared services agreement with the City of St. Catharines regarding time and attendance technology solutions
- Continued monitoring of sick leave usage, and process improvements as part of the Absence Review & Road to Zero initiatives

Variance Analysis

Corporate Services has a year-end surplus of $829,983. To date, favourable variances have occurred in Personnel Costs with gapping dollars resulting from a number of delays in filling vacancies, ongoing temporary and acting positions occurring across the department, and corporate reorganizations. A favourable variance in Materials, Supplies and Utilities was the result of conservation efforts and an appropriate review of utilities costs in light of recent energy management projects in a number of our facilities. This has led to a restructuring and reduction of this budget for 2014 to align with anticipated usage moving forward.

Unfavourable variances in Purchased Services have occurred in two main areas. In the first instance, a $556,227 negative variance was a result of the administration of various insurance costs, mainly the resolution of a number of legal claims on behalf of areas of the corporation. This includes the costs related to external legal assistance in a number of these cases. This offset has been resolved in the 2014 budget. Additionally, a $186,202 negative variance was the result of consulting costs related to the EFMS. A reserve transfer related to a 2012 encumberance for the EFMS project consulting offsets this negative variance. These negative variances have been offset by positive variances in other areas within Purchased Services.

Vacancy Management

Favourable variances in Personnel Costs have occurred mainly in our Human Resources division. The variance is related to the timing for posting and filling of an FTE approved in the 2012 budget (labour relations), and additionally the savings created through the backfilling of positions occurring given the temporary posting of the Director to the Commissioner role, and the departure of personnel in other management positions. This has created acting postings (director, manager, supervisor, etc.), leading to a positive variance in personnel costs for 2013.

In our IT Solutions division, the backfilling of the Directors role, and the unfilled vacancy of a current management position, led to gapping dollars in 2013, which accommodated costs associated with a divisional restructuring that occurred in 2013. In the first half of 2013, three budgeted postings for vacancies were not filled until late in Q1, and one further vacancy created due to the termination of an employee in Q1 was filled in Q3. Additionally, an FTE approved in 2012 for IT disaster recovery support was delayed in posting and not filled until Q2.

Minor savings continue to occur in our Legal and Court Services division due to lower than budgeted personnel costs in relation to a number of new staff

Integrated Community Planning Department (ICP) - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 4,653,920	$ 4,990,586	$ (336,666)
Administrative Expenses	187,590	384,808	(197,218)
Materials, Supplies & Utilities	282,985	273,848	9,137
Repairs & Maintenance	53,350	82,061	(28,711)
Purch. Serv. & Other Operating Exp.	1,734,574	1,864,171	(129,597)
Financial Expenditures	1,000,000	473,251	526,749
Capital Equipment & Renovations	15,265	25,178	(9,913)
Transfers to Reserves	-	455,432	(455,432)
Allocations Between Departments	(629,373)	(638,874)	9,501
Total Gross Expenditure	**7,298,311**	**7,910,461**	**(612,150)**
Revenue			
Ontario/Canada Grants	-	(613,030)	613,030
Fees & Service Charges	(81,000)	(34,535)	(46,465)
Other Revenue	(110,000)	(120,309)	10,309
Transfers from Reserves	(126,915)	(365,463)	238,548
Total Revenue	**(317,915)**	**(1,133,337)**	**815,422**
Net Expenditure/(Revenue) before Indirect Allocation	**6,980,396**	**6,777,124**	**203,272**
Indirect Allocation			
Indirect Allocation	(167,649)	(133,329)	(34,320)
Debt Allocation	632,814	566,910	65,904
Total Indirect Allocation	**465,165**	**433,581**	**31,584**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 7,445,561**	**$ 7,210,705**	**$ 234,856**

Integrated Community Planning Department (ICP) - Statement of Operations (continued)

Community Impacts & Achievements

Mission - Integrated Community Planning supports effective decision-making based on meaningful engagement, research, planning and focused actions to deliver responsible public policy, resulting in good governance for Niagara. The department supports Council and the Corporate Management Team, with long-term planning. The long-term solutions for Niagara require alignment between departments, to support the interests of community stakeholders. Our mission is to support the achievement of the following Council Business Plan themes:

- Responsive Region: Niagara Greenbelt review, initiation of cultural investment program details, completion of the non–profit grant program, undertaking/updating economic impact assessment for agriculture, review alignment of the Records and Print functions.
- Healthy Communities: initiate the next phase of the Human Services plan, with an emphasis on investing in prosperity and a review of the Local Food and Agricultural Action plans, Be Disaster Ready – youth engagement organized with the help of Partnerships with Niagara Safety Village and the Canadian Red Cross
- Open for Business: Marketing the Gateway with Economic Development, Community Improvement plan with area municipalities, launching Imagine Niagara (a five year review of the Regional Policy Plan); improving economic prosperity in Niagara; and Bi-National initiatives
- Integrated Transportation System: Update the Niagara transportation strategy and related policies in the Regional Policy Plan
- Environmental Responsibility: Niagara Water Strategy, Great Lakes Stewardship, meeting/exceeding GHG reduction targets in our Climate Action plan
- Public Engagement and Communications: support corporate-wide communications, build stronger brand awareness, and completed the 2014 pre-budget public engagement project

For further details regarding major projects and initiatives, see ICP 5-2013, 2013 Workplan

Variance Analysis

Integrated Community Planning has an end-of-year surplus before indirect allocations of $203,272. This surplus is primarily due to a surplus of $116,000 resulting from the Cultural Capital of Canada (CCC) program which ended during the year. Revenues for the CCC program make up the $613,030 balance in the Ontario/Canada Grants line on the operating statement and are shown as unbudgeted as these amounts were budgeted in 2012 but not realized until the current year. The balance of the object of expenditure variance relates to the timing of project completion, including, but not limited to - Lakefront Enhancement Strategy, Employment Land Inventory, Non-Gateway Employment Lands. Some of these expenditures created a deficit in operating expenses such as administrative costs and purchasing services, but are off-set by the 2013 Transfers from Reserves and the revenue received for the reimbursement of expenditures for the Cultural Capital of Canada. Integrated Community Planning anticipates that many of these projects will be completed early in 2014.

Vacancy Management

Variance in personnel costs is due to a combination of gapping dollars related to the vacancy of the Deputy Clerk's position and contract staff (e.g. Watersmart, Greater Niagara Circle Route) that are funded from project based funding.

Public Works Levy - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 17,431,638	$ 16,709,000	$ 722,638
Administrative Expenses	1,336,092	1,156,033	180,059
Materials, Supplies & Utilities	6,660,346	6,102,676	557,670
Repairs & Maintenance	323,500	221,424	102,076
Purch. Serv. & Other Operating Exp.	7,761,553	7,956,917	(195,364)
Financial Expenditures	500,000	749,752	(249,752)
Capital Equipment & Renovations	80,001	104,777	(24,776)
Transfers to Reserves	2,081,380	2,198,509	(117,129)
Allocations Between Departments	(1,753,595)	(1,914,432)	160,837
Allocations Within Departments	(1,118,032)	(1,070,109)	(47,923)
Allocations to Capital Program	(1,022,000)	(1,219,211)	197,211
Total Gross Expenditure	**32,280,883**	**30,995,336**	**1,285,547**
Revenue			
Ontario/Canada Grants	(546,203)	(546,203)	-
Fees & Service Charges	(3,114,600)	(3,021,022)	(93,578)
Other Revenue	(836,400)	(963,861)	127,461
Transfers from Reserves	(800,000)	(1,135,539)	335,539
Total Revenue	**(5,297,203)**	**(5,666,625)**	**369,422**
Net Expenditure/(Revenue) before Indirect Allocation	**26,983,680**	**25,328,711**	**1,654,969**
Indirect Allocation			
Indirect Allocation	3,120,772	3,297,781	(177,009)
Debt Allocation	19,249,287	19,060,710	188,577
Total Indirect Allocation	**22,370,059**	**22,358,491**	**11,568**
Net Expenditure/(Revenue) after *Indirect Allocation*	**$ 49,353,739**	**$ 47,687,202**	**$ 1,666,537**

Public Works Levy - Statement of Operations (continued)

Community Impacts & Achievements

The Public Works Levy divisions include Development Services, Transportation Services and Public Works administration. Development Services approves and inspects 380 private sewage systems annually and reviews 625 development planning/municipal servicing applications (both 2012 figures), ensuring alignment with Provincial and Regional policies, plans and regulations. Transportation Services maintains over 750 km of roads, 183 bridges and culverts, 295 traffic signals and provides snow removal services on Regional roads. Transportation Services also provides oversight to Niagara Specialized Transit and the Regional Transit Pilot, maintains Regional vehicles and equipment, undertakes transportation studies and strategic planning initiatives and delivers the transportation-related capital program. Public Works administration provides operational, strategic and financial support services in support of all of the Departmental program areas, including the Rate-related water, wastewater and waste management programs.

2013 achievements include:

- Lean Development Charge Collection Review
- Memorandum of understanding to review the planning function in Niagara (roles and responsibilities)
- Transportation services operations service review
- The future of transit in Niagara
- Gateways and corridor strategy
- Pilot roll-out of development tracking system (iDarts) to local area municipalities
- Asset management planning exercise

Variance Analysis

The favourable year-end position before indirect allocations of $1,654,969 is largely attributed to the Transportation division ($1,540,006) where favourable variances were experienced in Materials, Supplies & Utilities and Personnel Costs. Additional favourabilities include the Regional Transit Pilot ($104,467) and the Development Services division ($10,496).

The favourable variance of $722,638 in Personnel Costs includes vacancy management initiatives and overtime savings. $557,670 in Material, Supplies & Utilities savings were also realized due to favourable fuel purchases ($144,268), vehicle parts & supplies ($110,780), and for a variety of other road maintenance supplies.

Included in the Financial Expenditure line is the implementation of the Industrial Development Charge (DC) Grant program approved by Council in 2013. A total cost of $663,845 was realized for DC-related grants in 2013, with funding provided from reserve. Financial Expenditure incorporates $500,000 in budgeted funding to support local municipality grants for drainage assessment, bikepath programs and storm sewer initiatives; as funded by the 2013 reserve. $85,907 was expended for these grants in 2013, therefore a reduction in the budgeted transfer from reserve has also been reflected.
A shortfall in Fees & Services in 2013 was offset by increases to other revenue sources. Other revenues include Niagara Regional Transit fares, which ended the year with a Regional revenue share totaling $548,726 ($23,725 above the 2013 budgeted amount).

Vacancy Management

Included within the savings in personnel costs are vacancy management actions during 2013. These actions included delaying the posting for several vacancies and delaying the backfill for several positions. The resulting cost savings of these actions is estimated to be $461,959.

Water and Wastewater Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 21,104,033	$ 20,308,164	$ 795,869
Administrative Expenses	550,590	456,472	94,118
Materials, Supplies & Utilities	13,832,156	13,492,324	339,832
Repairs & Maintenance	7,787,831	7,532,862	254,969
Purch. Serv. & Other Operating Exp.	13,691,018	11,949,406	1,741,612
Financial Expenditures	-	3,694	(3,694)
Capital Equipment & Renovations	145,149	288,117	(142,968)
Transfers to Reserves	39,210,560	39,745,720	(535,160)
Allocations Between Departments	1,972,798	2,012,974	(40,176)
Allocations Within Departments	941,703	938,578	3,125
Allocations to Capital Program	(567,306)	(479,883)	(87,423)
Total Gross Expenditure	**98,668,532**	**96,248,428**	**2,420,104**
Revenue			
Taxation - Rate	(107,667,184)	(106,524,116)	(1,143,068)
Ontario/Canada Grants	-	(7,438)	7,438
Fees & Service Charges	(1,456,281)	(1,395,842)	(60,439)
Other Revenue	(27,500)	(49,672)	22,172
Transfers from Reserves	-	(704,349)	704,349
Total Revenue	**(109,150,965)**	**(108,681,417)**	**(469,548)**
Net Expenditure/(Revenue) before Indirect Allocation	**(10,482,433)**	**(12,432,989)**	**1,950,556**
Indirect Allocation			
Indirect Allocation	3,201,583	2,836,229	365,354
Debt Allocation	7,280,850	7,421,549	(140,699)
Total Indirect Allocation	**10,482,433**	**10,257,778**	**224,655**
Net Expenditure/(Revenue) after Indirect Allocation	**$ -**	**$ (2,175,211)**	**$ 2,175,211**

Water and Wastewater Services - Statement of Operations (continued)

Community Impacts & Achievements

The water division is responsible for the treatment and distribution of approximately 57 billion litres of water per year (2013 amount) through a total of 59 water facilities including six water treatment plants, and 316 km of watermains. Similarly, the Wastewater division treats 80 billion litres of wastewater per year (2013 amount) across 11 plants and one lagoon; with collection through 123 pump stations and 283 km of wastewater mains. In addition, these divisions are also responsible for master service plans, input into water and wastewater approvals, design and construction, biosolids management, laboratory services, utility locates and environmental monitoring and enforcement.

Specific initiatives included in the 2013 departmental work plan are:

- An update to the Region's internal benchmarking initiative
- Undertaking key program reviews in areas, including; chemical usage reduction, process optimization, treatment process enhancements, staff development opportunities, etc.
- The Water & Wastewater Review
- Regional water supply risk mitigation
- Energy Conservation and Demand Management Planning
- Biosolids management optimization and a review of the potential for Biogas Injection into the natural gas grid
- Children's Water Festival

Variance Analysis

The Water and Wastewater divisions combined favourable year-end position is $2,175,211, comprised of $496,542 from the Water division and $1,678,669 from the Wastewater division. This projected surplus consists of savings in expenditures of $2,644,759, less a revenue shortfall of $469,548.

Of the $2,644,759 favourable variance in gross expenditures, personnel costs achieved savings of $795,869 due largely to vacancy management and the reduction in overtime and shift premiums incurred in both operations and maintenance. The favourable variance of $1,741,612 in Purchased Services resulted from less spending on consulting services ($621,833) due to initiatives impacted by vacancies in key positions, and sludge disposal savings ($884,623) realized through optimization efforts.

Annual water revenue was lower than budgeted due to the milder/wetter summer. The year-end shortfall amounts to $1,143,068 based on 2013 water consumption of 56,896 megalitres (ML). Relative to 2012, this consumption represented a 5.9 per cent decrease.

Vacancy Management

Included within the realized savings in personnel costs are vacancy management actions taken during 2013. These actions include delaying the posting for several vacancies and delaying the backfill of several positions. The resulting cost savings of these actions is estimated to be $519,056.

Waste Management Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 3,558,200	$ 3,074,003	$ 484,197
Administrative Expenses	301,588	144,609	156,979
Materials, Supplies & Utilities	3,867,890	3,330,983	536,907
Repairs & Maintenance	806,077	913,097	(107,020)
Purch. Serv. & Other Operating Exp.	36,683,803	33,914,638	2,769,165
Capital Equipment & Renovations	73,265	35,364	37,901
Transfers to Reserves	552,483	1,345,551	(793,068)
Allocations Between Departments	144,690	165,038	(20,348)
Allocations Within Departments	176,329	131,529	44,800
Allocations to Capital Program	(177,753)	(107,518)	(70,235)
Total Gross Expenditure	**45,986,572**	**42,947,294**	**3,039,278**
Revenue			
Taxation - Rate	(34,951,034)	(34,939,166)	(11,868)
Ontario/Canada Grants	(3,376,715)	(3,924,736)	548,021
Fees & Service Charges	(3,488,092)	(3,288,477)	(199,615)
Other Revenue	(9,520,243)	(9,497,307)	(22,936)
Transfers from Reserves	-	(436,344)	436,344
Total Revenue	**(51,336,084)**	**(52,086,030)**	**749,946**
Net Expenditure/(Revenue) before Indirect Allocation	**(5,349,512)**	**(9,138,736)**	**3,789,224**
Indirect Allocation			
Indirect Allocation	1,107,236	961,170	146,066
Debt Allocation	4,242,276	4,248,152	(5,876)
Total Indirect Allocation	**5,349,512**	**5,209,322**	**140,190**
Net Expenditure/(Revenue) after Indirect Allocation	**$ -**	**$ (3,929,414)**	**$ 3,929,414**

Waste Management Services - Statement of Operations (continued)

Community Impacts & Achievements

Waste Management Services (WMS) is responsible for the operation of various facilities (landfill sites, Municipal Hazardous & Special Waste (MHSW) depot and recycling centre), the delivery of curbside waste, recycling and organics collection services and diversion programs, the management of long-term organics processing and disposal contracts, as well as policy development and capital program delivery. In addition to the operation of permanent drop-off depots, special event days are provided for diverting recyclables, electronics, MHSW waste, scrap metal and other materials.

The 2013 WMS initiatives continuing into 2014 include:

- Niagara Material Recycling Facility (MRF) analysis (completed in 2013) and resulting negotiations with Niagara Recycling in progress
- Humberstone Environmental Assessment (EA) landfill capacity expansion and improvements (Terms of Reference approved in 2013)
- Assessment of alternative diversion and disposal technologies for municipal waste management and biosolids (Phase 1 Feedstock Review and Phase 2 High Level Technology review completed in 2013)
- Phase 2 MHSW program review for event days & permanent depot options (completed in 2013) and resulting in the development of an RFP for a permanent depot
- Regional/municipal anti-illegal dumping campaign
- Multi-residential organics program implementation
- Reopening of Bridge Street Landfill site

2013 Achievements include:

- Reusable Goods Drop-off at Humberstone Landfill site
- Service policy for management of waste electrical and electronic equipment (WEEE)
- Recycling and Green Cart collection service strategy for mixed use properties
- Mattress, boxspring and carpet recycling collection options review
- Battery collection program recommendations
- Special events recycling pilot program for organic material collection at community events

Waste Management Services - Statement of Operations (continued)

Variance Analysis

The Waste Management year-end surplus of $3,929,414 is primarily attributable to savings in purchased services and materials, as well as an increase in revenue from industry funding.

The $2,769,165 favourable variance in purchased services is primarily due to the following:

- Reductions in the consumer price index, fuel and unit count escalations for the waste/recycling/organics collection contract compared to budget ($348,629)
- Lower than budgeted tonnage sent to Walker Industries for organics processing ($148,241) and waste disposal ($174,543), and a reduction in CPI increase compared to budget
- Lower than anticipated sorting costs for newsprint due to the acceptance of existing quality specifications by end-use market ($404,797)
- Electronics curbside collection program change ($254,400) not being implemented as outlined in PW 59-2013
- Timing of the Bridge Street Landfill reopening ($447,879)
- Reductions in landfill related operations/maintenance contract services costs for open and closed sites ($290,490)

The favourable variance of $536,907 in materials and supplies is largely due to lower payments to Waterloo and Haldimand under the recycling processing contracts, and other third party purchases due to lower recycling market prices compared to budget ($403,607). Lower than budgeted glass purchases at the Recycling Centre also occurred ($44,854), as well as a reduction in utilities costs at various facilities ($43,890).

The Blue Box program received approximately $9.3 million in gross revenue from a range of sources (excluding industry funding). Decreases in recycling sales revenue for certain material streams, due to end market conditions (e.g. newsprint shortfall of $437,799), is largely offset by increases in revenue from the sale of plastics (which are a valuable commodity on a per tonne basis) and higher revenue for cardboard.

A shortfall of $286,830 in tipping fee revenue was also experienced as a result of a reduction in self-hauled waste delivered to Regional landfill/drop-off depot sites.

Overall, the total revenues amount to a surplus of $749,946 largely due to Stewardship Ontario/Waste Diversion Organization Blue Box funding for 2013. This funding is $664,750 higher than budgeted due to the timing of the 2013 funding allocation announcement (December 2012).

Vacancy Management

Included within the realized savings in personnel costs are vacancy management actions taken during 2013. These actions include delaying the advertisement of vacant positions, delaying the backfill of a position, and backfilling a position at a lower cost. The resulting cost savings of these actions is estimated to be $368,172.

Niagara Regional Police Services & Board (NRPS) - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 123,947,192	$ 128,508,344	$ (4,561,152)
Administrative Expenses	*1,692,475*	*1,340,492*	*351,983*
Materials, Supplies & Utilities	5,002,274	4,625,125	377,149
Repairs & Maintenance	2,184,200	2,109,539	74,661
Purch. Serv. & Other Operating Exp.	3,106,145	2,776,626	329,519
Financial Expenditures	4,000	8,937	(4,937)
Capital Equipment & Renovations	*542,800*	*270,156*	*272,644*
Transfers to Reserves	4,749,664	4,749,664	-
Allocations Between Departments	*(1,084,930)*	*(1,022,304)*	*(62,626)*
Total Gross Expenditure	**140,143,820**	**143,366,579**	**(3,222,759)**
Revenue			
Ontario/Canada Grants	(5,152,823)	(5,366,972)	214,149
Fees & Service Charges	*(6,538,767)*	*(7,089,430)*	*550,663*
Other Revenue	(1,750,946)	(1,737,420)	(13,526)
Transfers from Reserves	*(575,000)*	*(447,901)*	*(127,099)*
Total Revenue	**(14,017,536)**	**(14,641,723)**	**624,187**
Net Expenditure/(Revenue) before Indirect Allocation	**126,126,284**	**128,724,856**	**(2,598,572)**
Indirect Allocation			
Indirect Allocation	*5,251,852*	*5,867,768*	*(615,916)*
Debt Allocation	6,096,071	5,986,256	109,815
Total Indirect Allocation	**11,347,923**	**11,854,024**	**(506,101)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 137,474,207**	**$ 140,578,880**	**$ (3,104,673)**

Community Impacts & Achievements

Detailed report to be submitted and received by the Police Service Board (PSB) at their February monthly public meeting.

Variance Analysis

Full details are available in the Service Report to the Police Service Board to be submitted and received by the PSB in February 2014. A copy will be forwarded to the Region by the PSB.

Public Health - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 31,267,993	$ 30,256,558	$ 1,011,435
Administrative Expenses	1,125,682	1,242,888	(117,206)
Materials, Supplies & Utilities	1,253,158	1,057,972	195,186
Repairs & Maintenance	77,000	40,239	36,761
Purch. Serv. & Other Operating Exp.	2,638,520	2,845,072	(206,552)
Capital Equipment & Renovations	202,182	493,006	(290,824)
Transfers to Reserves	-	168,322	(168,322)
Allocations Between Departments	(78,366)	(52,882)	(25,484)
Total Gross Expenditure	**36,486,169**	**36,051,175**	**434,994**
Revenue			
Ontario/Canada Grants	(31,065,520)	(31,200,987)	135,467
Fees & Service Charges	(353,000)	(406,846)	53,846
Other Revenue	(524,940)	(666,633)	141,693
Transfers from Reserves	-	(138,547)	138,547
Total Revenue	**(31,943,460)**	**(32,413,013)**	**469,553**
Net Expenditure/(Revenue) before Indirect Allocation	**4,542,709**	**3,638,162**	**904,547**
Indirect Allocation			
Indirect Allocation	4,799,584	4,443,726	355,858
Debt Allocation	2,155,538	2,157,631	(2,093)
Total Indirect Allocation	**6,955,122**	**6,601,357**	**353,765**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 11,497,831**	**$ 10,239,519**	**$ 1,258,312**

Community Impacts & Achievements

Programming Changes

Niagara Region Public Health (NRPH) has developed and implemented two personal services information sites called Niagara Info-ink (for tattoo and piercings) and Niagara Info-beauty (for salons, barber shops and beauty parlors). These new sites complement the long-standing Niagara Info-dine web based information site for restaurants, bars and food establishments.

The Sparking Life Niagara program has developed and distributed 150 activity toolkits to all secondary schools across the region, including 21 alternative education programs. This program integrates physical activity into the classroom and provides five to ten minute "booster" exercise sessions during class time. Given the success of the initiative, the program is expanding this fall and schools may apply to use large pieces of exercise equipment.

Public Health - Statement of Operations (continued)

Community Impacts & Achievements (continued)

New Funding

NRPH applies for annual grants to extend its services without impacting the levy. New projects funded in 2013 include:

- A Smoking Cessation program in partnership with the Centre of Addiction and Mental Health, the Ministry of Health and Long-Term Care, the Smokers' Helpline and the Ontario Tobacco Research Unit. This program has been tailored to help workers in five Niagara hospitality and manufacturing workplaces reduce their present levels of smoking.
- Researching the impact of injury prevention messages among parents and caregivers. This project is funded in partnership with Public Health Ontario and the Ontario Neurotrama foundation.
- Evaluating the effectiveness of prevention messages geared to prevent childhood falls (one to four years). This project is funded by the Canadian Institute of Health Research.
- Collaborator on the Creating Access to Screening and Training in the Living Environment (CASTLE) project with other health units and two universities. This project has secured funding from the Public Health Agency of Canada for the next three years. CASTLE's objective is to promote increased participation in cancer screening among low-income housing communities and to help reduce the barriers to access.

Though not directly funded, volunteers are an integral part of public health. To date, 137 volunteers have been recruited to support staff in public health initiatives and have contributed over 2,000 hours of service. This is an excellent way to extend our outreach and build capacity in NRPH's communities.

Variance Analysis

The favourable variance in Personnel Costs is the result of staff leaves, internal secondments, and the time lag to fill these positions as well the overestimation of payroll related costs.

The unfavourable variances in Administrative Expenses and Purchased Services are offset by the favourable variances in Other Revenues and Ontario/Canada Grants which were the result of specifically funded programs entered into in 2013 as well as increased secondment and immunization revenues. Also contributing to the unfavourable variance in Purchased Services are costs associated with Electronic Medical Records, the Physician Recruiter, and Dental Services.

The favourable variance in Materials, Supplies, & Utilities is the result of lower than anticipated expenses in the specifically funded Vector Borne Diseases program as well as decreased spending in other operation materials and supplies across the department to provide capacity for the known increase in Purchased Services.

The unfavourable variance in Capital Equipment and Renovations is due to the purchases of equipment for water quality monitoring and scheduled replacement of data processing equipment.

Similar to the previous two years, the overall favourable variance before Indirect Allocations provided capacity for Public Health to contribute to Corporate Services for services received in accordance with the Cost Allocation Policy and the 2011 Service Level Agreement.

Vacancy Management

Public Health positions are driven by the requirements of the Health Protection and Promotion Act and community needs. The current vacancy management process allows for Public Health commissioner and CAO oversight and accountability while creating ability to fill positions in a timely manner. The Public Health commissioner has selectively responded to requests for positions, with requests to reconsider contract duration and salary.

Economic Development - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 640,774	$ 579,612	$ 61,162
Administrative Expenses	60,000	42,934	17,066
Materials, Supplies & Utilities	13,000	13,797	(797)
Repairs & Maintenance	-	938	(938)
Purch. Serv. & Other Operating Exp.	1,031,868	813,041	218,827
Financial Expenditures	178,000	74,764	103,236
Capital Equipment & Renovations	-	30	(30)
Transfers to Reserves	-	117,634	(117,634)
Allocations Between Departments	3,085	4,611	(1,526)
Total Gross Expenditure	**1,926,727**	**1,647,361**	**279,366**
Revenue			
Transfers from Reserves	(150,000)	(150,000)	-
Total Revenue	**(150,000)**	**(150,000)**	**-**
Net Expenditure/(Revenue) before Indirect Allocation	**1,776,727**	**1,497,361**	**279,366**
Indirect Allocation			
Indirect Allocation	191,651	190,338	1,313
Debt Allocation	137,209	125,943	11,266
Total Indirect Allocation	**328,860**	**316,281**	**12,579**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 2,105,587**	**$ 1,813,642**	**$ 291,945**

Economic Development - Statement of Operations (continued)

Community Impacts & Achievements

The Niagara Site Finder tool was launched in September 2013. This state-of-the-art GIS-enabled mapping system allows developers and site selectors to find available industrial and commercial properties in Niagara, in real time, and allows real estate professionals, municipalities and property owners to market their properties to a global audience.

Variance Analysis

Personnel Costs - The planned Expeditor position is currently vacant. This function is currently held by a contracted specialist who is defining the role, working closely with businesses and municipalities, and developing a comprehensive Gateway economic zone marketing plan. The Business Attraction Manager position was vacant for approximately three months in the year. These vacancies have resulted in a favorable variance for this budget line.

Purchased Services & Other Operating Expenses - The favourable variance of $218,287 is due to the timing of contracted work. This variance is offset partially by the $117,634 Transfer to Reserves which represents encumbered funds for marketing services, brand equity assessment, social media plan and communication plan.

Financial Expenditures - A grant to Brock University for the "This is My Niagara" project was cancelled at the request of the recipient. Due to uncertainties and the timing of grant requests received in the year, less grants were issued than budgeted. This has resulted in a favourable variance of $103,236 on this budget line.

Vacancy Management

The Expeditor position is currently vacant. The Expeditor position will continue to be filled by a contracted specialist until early 2014. This vacancy has allowed Economic Development to verify the demand for this function and establish best practices with the help of a specialist. Recruitment commenced in near the end of the year.

Court Services (POA) - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 1,973,344	$ 1,931,689	$ 41,655
Administrative Expenses	42,722	38,155	4,567
Materials, Supplies & Utilities	84,582	80,431	4,151
Purch. Serv. & Other Operating Exp.	3,800,547	3,872,321	(71,774)
Financial Expenditures	120,000	101,144	18,856
Capital Equipment & Renovations	28,344	14,466	13,878
Transfers to Reserves	1,000,000	1,000,000	-
Allocations Between Departments	10,958	(230)	11,188
Total Gross Expenditure	7,060,497	7,037,976	22,521
Revenue			
Other Revenue	(8,825,603)	(8,297,951)	(527,652)
Total Revenue	(8,825,603)	(8,297,951)	(527,652)
Net Expenditure/(Revenue) before Indirect Allocation	(1,765,106)	(1,259,975)	(505,131)
Indirect Allocation			
Indirect Allocation	737,192	775,885	(38,693)
Debt Allocation	27,914	31,522	(3,608)
Total Indirect Allocation	765,106	807,407	(42,301)
Net Expenditure/(Revenue) after Indirect Allocation	$ (1,000,000)	$ (452,568)	$ (547,432)

Court Services (POA) - Statement of Operations (continued)

Community Impacts & Achievements

All of the major service indicators continue to fluctuate year-to-date compared to the same time-period in 2012 (January to December). This includes:

- Customers served - 29 per cent increase
- Charges filed - 4 per cent increase
- Trial requests - 18 per cent decrease
- Early resolution requests - 66 per cent increase*
- Courtroom utilization - 6 per cent decrease
- Re-openings - 26 per cent increase
- Extensions of time to pay - 3 per cent decrease
- Payments received - 1 per cent increase

* Early resolution started in August of 2012

At the end of the fourth quarter, trials were being scheduled into August/September of 2014, an eight to nine month scheduling delay. The implementation of Early Resolution in August of 2012 has contributed to the decrease in the number of trial requests however we have experienced a significant increase in the number of early resolution meetings, all of which require some trial time to complete. A total of 8,306 Early Resolution meetings were held, with 75 per cent resolved, 12 per cent withdrawn and 12 per cent proceeded to trial.

A three-year business plan was developed for the Provincial Offences Court. This plan will provide a clear focus for court administration as the court strives to be continuously more effective and efficient. The plan aligns with Council's Business Plan in the areas such as "Responsive Region" and "Environmentally Responsible".

Due diligence is currently being undertaken on the short list of properties for new provincial offences court houses approved by Council in July of 2013.

Variance Analysis

Operating expenditures are a direct result of changing demands for service placed on the court system arising from:

- Increase in mailing charges, more notices of Fine and Due Date sent
- Increased use of per diem prosecutors to cover staffing shortages
- Increased use of interpreters, interpreter fee increase implemented in 2013
- Increase in indirect allocation costs
- Decrease in cost of business forms due to more efficient forms management
- Decrease in revenue received in 2013

Due to a shortfall in revenue received Court Services realized a deficit of $547,432. To eliminate this deficit, the Joint Board of Management for the Niagara Region Courts has approved the reduction of the transfer to the Court Services Reserve by this amount.

Vacancy Management

4th Quarter savings of salaries and payroll related costs:

- Regional Prosecutor position vacant for 3 months - $19,448 savings

Community Services - Statement of Operations

Object of Expenditure *Description*	Annual *Budget*	*Actual*	Annual Budget vs Actual *Variance* Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 86,703,598	$ 86,217,611	$ 485,987
Administrative Expenses	1,164,119	1,241,465	(77,346)
Materials, Supplies & Utilities	7,273,916	7,568,271	(294,355)
Repairs & Maintenance	976,206	1,229,901	(253,695)
Purch. Serv. & Other Operating Exp.	37,891,212	40,685,625	(2,794,413)
Social Assistance	98,641,329	91,460,783	7,180,546
Financial Expenditures	32,905	44,855	(11,950)
Capital Equipment & Renovations	620,563	908,532	(287,969)
Transfers to Reserves	620,929	635,346	(14,417)
Allocations Between Departments	(205,131)	(177,290)	(27,841)
Total Gross Expenditure	**233,719,646**	**229,815,099**	**3,904,547**
Revenue			
Ontario/Canada Grants	(175,641,203)	(172,114,143)	(3,527,060)
Fees & Service Charges	(23,003,734)	(23,638,451)	634,717
Other Revenue	(343,242)	(787,835)	444,593
Transfers from Reserves	(1,850,524)	(503,837)	(1,346,687)
Total Revenue	**(200,838,703)**	**(197,044,266)**	**(3,794,437)**
Net Expenditure/(Revenue) before Indirect Allocation	**32,880,943**	**32,770,833**	**110,110**
Indirect Allocation			
Indirect Allocation	6,882,239	6,567,115	315,124
Debt Allocation	4,384,990	4,459,247	(74,257)
Total Indirect Allocation	**11,267,229**	**11,026,362**	**240,867**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 44,148,172**	**$ 43,797,195**	**$ 350,977**

Community Services - Statement of Operations (continued)

Community Impacts & Achievements

Senior Services

• Seniors Services participates in a voluntary national accreditation program to help ensure best in class customer service standards. Three external surveyors with Accreditation Canada conducted an on-site survey to assess Seniors Services leadership, clinical programs and services against Accreditation Canada requirements for quality and safety. Accreditation decisions are based on compliance with standards. The accreditation standards identify policies and practices that contribute to high quality, safe and effectively managed care. Each standard has associated criteria that are used to measure the organization's compliance with the standard. Seniors Services met 96 per cent of the 344 standards they were evaluated on and achieved a four year accreditation decision, which is the highest level possible.
• The Convalescent Care Program opened in May 2013, to help address hospital pressures by reducing the number of senior stays because they are not ready to go home. The program is the first of its type in Niagara; previously the closest program was in Hamilton. Helping seniors to get healthier before they return home, enables them to remain in their own homes longer, and reduces demand for long-term care beds that might otherwise occur. In 2013, 82 clients were admitted to the 20 bed program, with an average length of stay of 37.93 days.
• Seniors Services provided placements for 529 post-secondary students in 2013. Through successful funding applications to the Health Force Ontario New Graduate Initiative we offered employment opportunities for eight new nursing grads.
• Seniors Services supported the Responsive Region Improvement Team in the completion of three efficiency studies: accounts payable / accounts receivable, scheduling, and central laundry. Study recommendations will be implemented in 2014.
• Transitioned to the new Deer Park Villa.

Social Assistance and Employment Opportunities (SAEO)

• In its first year of implementation, the Housing Stability Plan helped prevent homelessness for approximately 5,482 households (2,986 received help with rent deposits, 1925 received help with moving costs, and 571 received help with rental arrears), helped approximately 627 individuals or families move out of a shelter and secure housing, and supported 472 households with trusteeship services (a 91 per cent increase in trusteeship services over 2012). SAEO effectively managed one-time provincial funding to assist non-profit service providers, including much needed small capital improvements to emergency homelessness shelters, and leveraged an additional $900K ($102,600 net) from the provincial government to support the program.
• In 2013, a total of 1,200 households received help with utilities arrears - an increase of 195 per cent over 2012. The increase was due to provincial changes to social assistance benefits.
• In 2013, 4,516 people without a home stayed in emergency shelters funded through Community Services.
• Earned a national Prosperity and Renewal Award from the Canadian Urban Institute for the Niagara Prosperity Initiative.
• The Homelessness Service System Review was completed in December, and will inform future decisions on how to most effectively invest funding to build a system of support that will help to end homelessness in Niagara.
• As of November 2013, 18.9 per cent of exits from social assistance were due to employment. This is 1.65 per cent greater than at November 2012.
• In 2013, Community Services partnered with the Red Cross to assist 81 individuals who were homeless as a result of the four large scale fires in Niagara.
• Successful proposals for Newcomer's portal funding to support employment and youth retention in partnership with Economic Development totaling $72,500.

Community Services - Statement of Operations (continued)

Community Impacts & Achievements (continued)

Children's Services

- In 2013, staff reduced the waitlist for fee subsidy at child care centres from 600 in 2012, to zero. An average of 2,400 children each month received subsidized care.
- Provincial recognition of Niagara's high caliber staff continued with the invitation to participate on the Ontario Child Care Management System (OCCMS) Provincial Reporting Working Group, to propose strategies and recommend solutions on how the OCCMS can be adapted to better align with provincial reporting requirements under the new child care funding framework, and to participate in Ministry of Education advisory committee on curriculum development expansion of the Early Learning Framework.
- Completed a Community Integration Leaders Project and received additional funding ($25,000) from the Ministry of Education/Ministry of Children and Youth Services to continue to work towards the integration of early years services.
- Selected for an Innovation Grant to explore "Just in Time" child development information for families of young children which would be delivered via a web site
- Responded to system pressures for child care operators impacted by Phase 4 of the implementation of Full Day Kindergarten through allocation of provincial funding to child care centres at below market rates and one time funding for health and safety.
- The average number of special needs children that received Resource Consultant services was approximately 620.
- Supported child care centres throughout the region that were impacted by the sudden loss of affordable catering services.
- Developed a framework for a pilot program-CATCH-Coordinated Approach to Child Health to address child health in licensed child care centres.

Variance Analysis

Community Services experienced a year-end surplus of $110,110 prior to indirect allocations. At Q3, the department predicted a deficit of $262,877, however with the refund of benefit premiums in Q4 the department moved from a deficit, to a surplus. Children's Services experienced a surplus of $30,200 while Senior Services experienced a surplus of $11,595. Social Assistance and Employment Opportunities will be net zero after adjusting the draw from reserves; reserves cannot be used to create an operating surplus. Social Assistance did require the use of $503,837 of the budgeted draw from reserves of $1,350,524. Homelessness experienced a surplus of $65,433. There are minor variances in the areas of support services of $2,882.

Children's Services has received additional monies above budget from the province and parent fees; these monies have been used to support purchase of service arrangements with childcare providers and to meet fee subsidy demands. In addition, funds were used to support child care providers, to ensure a stable child care system in Niagara, as operators adjust to the impacts of Phase 4 Full Day Kindergarten.

The surplus in Seniors Services is the result of the refund of benefit premiums reducing the payroll related costs. Additional one time revenues supported deficits in the areas of food and nursing supplies, due to increased patient acuity impacting demand and overall market increases.

Social Assistance and Employment Opportunities did not require the full draw from reserves, due to the surplus in allowances and benefits resulting from the caseload mix (including more singles). The caseload mix was adjusted in the 2014 budget submission. The draw from reserves was adjusted to reflect the need for reserve in the division, as policy does not allow for the creation of a surplus through the use of reserve dollars.

As a result of the Housing Stability Plan in 2013, Housing, Hostels and Homelessness did not draw on the $500,000 reserve contribution.

Vacancy Management

Community Services continues to work with Human Resources to fill vacancies and ensure positions are value added. At this time, all vacancies are being filled due to the continued volume of work, high needs in our homes and demand for our services.

Special Initiatives/Joint Initiatives - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Financial Expenditures	$ 245,000	$ 185,264	$ 59,736
Transfers to Reserves	796,750	796,750	-
Total Gross Expenditure	**1,041,750**	**982,014**	**59,736**
Revenue			
Transfers from Reserves	(100,000)	(100,000)	-
Total Revenue	**(100,000)**	**(100,000)**	**-**
Net Expenditure/(Revenue)	**$ 941,750**	**$ 882,014**	**$ 59,736**

Community Impacts & Achievements

In 2012, the Region contributed $15,370,000 towards the Cancer Centre in the Niagara Health System complex, located in St. Catharines. The contribution, which was originally expected to occur at a rate of $1 million per year until 2040, was fully paid in 2012 at the present value amount (CSD 146-2011). The early payment amount was internally financed by running a deficit in Niagara Region's operating fund, to be replenished through the levy in future years.

Budgeted in Financial Expenditures is $60,000 related to Council's youth retention strategy, $100,000 for the 1812 Legacy Council funded from the contingency reserve and $85,000 for the Pan Am Games.

Variance Analysis

The surplus of $59,736 relates to unspent funds for Council's youth retention strategy.

Niagara Region Emergency Medical Services (NEMS) - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 30,791,405	$ 31,185,028	$ (393,623)
Administrative Expenses	205,750	167,805	37,945
Materials, Supplies & Utilities	1,909,750	1,878,039	31,711
Repairs & Maintenance	820,500	671,120	149,380
Purch. Serv. & Other Operating Exp.	1,859,138	1,840,039	19,099
Capital Equipment & Renovations	206,918	467,030	(260,112)
Transfers to Reserves	1,090,030	1,327,527	(237,497)
Allocations Between Departments	20,309	19,308	1,001
Total Gross Expenditure	**36,903,800**	**37,555,896**	**(652,096)**
Revenue			
Ontario/Canada Grants	(22,380,386)	(22,579,817)	199,431
Fees & Service Charges	-	(3,238)	3,238
Other Revenue	(20,000)	(155,707)	135,707
Transfers from Reserves	(160,000)	(348,967)	188,967
Total Revenue	**(22,560,386)**	**(23,087,729)**	**527,343**
Net Expenditure/(Revenue) before Indirect Allocation	**14,343,414**	**14,468,167**	**(124,753)**
Indirect Allocation			
Indirect Allocation	2,014,711	1,521,181	493,530
Debt Allocation	1,031,338	1,026,201	5,137
Total Indirect Allocation	**3,046,049**	**2,547,382**	**498,667**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 17,389,463**	**$ 17,015,549**	**$ 373,914**

Niagara Region Emergency Medical Services (NEMS) - Statement of Operations (continued)

Community Impacts & Achievements

NEMS initiatives in 2013 include:

- Working with the Niagara Health System to mitigate the impact of health system changes on the service
- Utilization of historical system data to optimize resource deployment
- Funding and support from Local Health Integration Network for the Omega project
- Working with health and social agencies to provide increased healthcare presence in the community, through the Community Response Unit
- Relocation of several EMS facilities, including a new station in Thorold and fleet facility in Niagara-on-the-Lake
- Improving work wellness through a new stretcher system

2013 achievements include:

- Reduced emergency response times in Wainfleet through the Community Response Unit
- Recertification of all medics in the International Trauma Life Support program
- Assisted in patient transfer from St.Catharines General legacy site to the new St. Catharines hospital
- First-place finish at international and provincial paramedic competitions
- Installation of air ride suspension for new style ambulances
- 2012 Ontario Municipal Benchmarking Initiatives have demonstrated NEMS performance and cost excellence
- Achieved target of 65 per cent of Advanced Care Paramedics through the Niagara College training program during 2013
- Launched new clinical programs, including: ST Elevation Myocardial Infarction, Sepsis, Prevention of Infection for Emergency Responders, antineoplastic response and enhancements to trauma protocols

Variance Analysis

Personnel Costs - The unfavourable variance is a result of increased costs within the Land Ambulance program related to unplanned up staffing, due to: call volume increase (10%), community outbreaks, overtime and an arbitration award. Some of these additional costs are offset by the favourable variance in Other Revenue related to special events, union billings, special projects, and the First aid / CPR program.

Materials, Supplies and Utilities - Contributing to the favourable variance are savings generated by the purchase of drugs through a new affiliation with a buying agency and improved control over inventory, including expiration of controlled drugs.

Repairs & Maintenance - The favourable variance is the result of replacing older ambulances.

Capital Equipment & Renovations - The unfavourable variance is a result of the planned Fleet Center leasehold improvements and software purchases; both of these purchases are offset by Transfers from Reserves.

Vacancy Management

The service continues to face challenges in maintaining service levels, driven by increased call volume and off-load delays; this has correlated to missed meal breaks and end-of-shift overrun for staff, and has resulted in unplanned temporary up staffing and overtime to address these pressures. Some of these additional costs were offset by revenues related to special events.

Niagara Regional Housing (NRH) - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 4,060,166	$ 4,091,189	$ (31,023)
Administrative Expenses	247,224	210,522	36,702
Materials, Supplies & Utilities	5,233,134	4,384,380	848,754
Repairs & Maintenance	3,761,133	4,380,324	(619,191)
Purch. Serv. & Other Operating Exp.	4,517,003	4,887,126	(370,123)
Financial Expenditures	3,161,253	3,020,901	140,352
Capital Equipment & Renovations	30,000	28,631	1,369
Housing Provider Subsidy & Supplements	28,649,595	28,152,976	496,619
Transfers to Reserves	415,200	415,200	-
Allocations Between Departments	531,832	533,382	(1,550)
Total Gross Expenditure	**50,606,540**	**50,104,631**	**501,909**
Revenue			
Ontario/Canada Grants	(2,364,900)	(2,049,438)	(315,462)
Other Revenue	(22,563,041)	(23,050,419)	487,378
Transfers from Reserves	(95,000)	(273,692)	178,692
Total Revenue	**(25,022,941)**	**(25,373,549)**	**350,608**
Net Expenditure/(Revenue) before Indirect Allocation	**25,583,599**	**24,731,082**	**852,517**
Indirect Allocation			
Indirect Allocation	1,128,403	1,033,941	94,462
Debt Allocation	2,176,265	2,192,412	(16,147)
Total Indirect Allocation	**3,304,668**	**3,226,353**	**78,315**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 28,888,267**	**$ 27,957,435**	**$ 930,832**

Niagara Regional Housing (NRH) - Statement of Operations (continued)

Community Impacts & Achievements

NRH is responsible for direct ownership and management of 2,758 units of affordable rental housing; legislative oversight and the provision of subsidies to housing providers; contractual arrangements with private landlords for additional units; the management of the waiting list for Niagara as well as the delivery of any federal/provincial programs that provide assistance to private homeowners.

NRH achievements in 2013:

- Provided 626 new households with affordable housing
- Managed contracts with 150 landlords for over 950 private rental units
- Started construction on a new apartment building with expected completion of April 1, 2014
- Successfully, qualified for Green Municipal Fund Feasibility Study Grant in the amount of $175,000
- Successfully, through partnerships with community agencies, housed 45 homeless individuals under the Housing First pilot
- Partnered with Niagara Public Purchasing Committee for an annual savings of $27,500 in garbage collection
- Provided renovation funding to 82 homeowners
- Assisted 16 first time homeowners with down payments

Variance Analysis

NRH ended 2013 in a surplus position of $852,517 before indirect allocations. Key drivers of the surplus include:

Materials, Supplies & Utilities - The surplus of $848,754 includes a hydro incentive of 10 per cent, the impact of capital energy-efficient improvements and favourable weather conditions. A potential surplus in utilities was recognized mid-year 2013 and reflected in the 2014 budget.

Repairs & Maintenance - Increased demand for repairs due to aging assets, as well as increased contract costs has resulted in an unfavourable variance. This is offset partially by $196,692 in funding encumbered from 2012 reflected in Transfer from Reserves. Historically, this area has been underfunded and generally offset with additional rent revenue.

Purchased Services & Other Operating Expenditures - Higher property assessments and exceptional insurance deductible payments contributed to the deficit on this line. Other Revenue offsets one-third of the insurance expense.

Ontario/Canada Grants; Housing Provider Subsidy & Supplements - Reallocation of funding under the Investing in Affordable Housing program and favourable mortgage renewals resulted in a surplus on the Housing Provider Subsidy and Supplements line. This surplus was reflected in the development of the 2014 budget.

Other Revenue - The favourable variance of $487,378 is due primarily to better than anticipated tenant rent collection, reduced bad debt write-off and tighter collection of maintenance charges.

Vacancy Management

NRH continues to take appropriate vacancy management measures to reduce expenses.

General Government - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Personnel Costs	$ 1,127,686	$ 1,186,392	$ (58,706)
Administrative Expenses	119,384	115,246	4,138
Materials, Supplies & Utilities	29,400	24,724	4,676
Repairs & Maintenance	52,900	32,073	20,827
Purch. Serv. & Other Operating Exp.	6,284,054	6,012,543	271,511
Financial Expenditures	42,924,940	41,812,668	1,112,272
Capital Equipment & Renovations	800	2,951	(2,151)
Transfers to Reserves	24,242,882	25,448,563	(1,205,681)
Allocations Between Departments	1,241,290	1,244,029	(2,739)
Total Gross Expenditure	**76,023,336**	**75,879,189**	**144,147**
Revenue			
Taxation - Levy	(318,942,420)	(321,697,720)	2,755,300
Fees & Service Charges	-	(30,938)	30,938
Other Revenue	(12,285,633)	(13,604,974)	1,319,341
Transfers from Reserves	(2,882,667)	(2,804,228)	(78,439)
Total Revenue	**(334,110,720)**	**(338,137,860)**	**4,027,140**
Net Expenditure/(Revenue) before Indirect Allocation	**(258,087,384)**	**(262,258,671)**	**4,171,287**
Indirect Allocation			
Indirect Allocation	(2,018,218)	(2,012,257)	(5,961)
Debt Allocation	(47,539,092)	(47,406,754)	(132,338)
Total Indirect Allocation	**(49,557,310)**	**(49,419,011)**	**(138,299)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ (307,644,694)**	**$ (311,677,682)**	**$ 4,032,988**

General Government - Statement of Operations (continued)

Variance Analysis

The favourable variance in Purchased Services is due primarily to property assessment costs incurred being $225,000 less than budgeted.

Financial Expenditures are favourable by $1,112,272 primarily because tax write-offs were $879,000 less than budgeted. The remainder of the variance is related to the timing of debt issuance.

The final aggregate 2013 tax revenue position was $2,755,300 million over budget, with major variances in the following categories:

- Supplemental tax revenue was $1 million over budget due to in-year assessment growth
- Payments-in-lieu of tax revenue was $1.6 million over budget primarily due to the graduated tax policy

Favourable Other Revenue is mainly a result of additional investment income (see investment report for further details on page 50). This is offset by the unfavourable variance in Transfers to Reserves, as investment income that exceeded budget was redirected to reserves per the investment and reserve policy.

Niagara Peninsula Conservation Authority (NPCA) Grant - Statement of Operations

Object of Expenditure Description	Annual Budget	Actual	Annual Budget vs Actual Variance Favourable/ (Unfavourable)
Gross Expenditure			
Financial Expenditures	7,046,729	7,046,729	-
Total Gross Expenditure	**7,046,729**	**7,046,729**	-
Revenue			
Other Revenue	(102,708)	(104,673)	1,965
Transfers from Reserves	(300,000)	(300,000)	-
Total Revenue	**(402,708)**	**(404,673)**	**1,965**
Net Expenditure/(Revenue) before Indirect Allocation	**6,644,021**	**6,642,056**	**1,965**
Indirect Allocation			
Indirect Allocation	102,708	104,673	(1,965)
Total Indirect Allocation	**102,708**	**104,673**	**(1,965)**
Net Expenditure/(Revenue) after Indirect Allocation	**$ 6,746,729**	**$ 6,746,729**	**$ -**

Community Impacts & Achievements

NPCA is a separate corporation that receives funding from the Niagara Region. The above summary shows the grant that the Niagara Region provides the NPCA and not their operating results.

Variance Analysis

NPCA has received 100 per cent of their annual funding as planned.

In 2013, NPCA requested $300,000 in funding for water related activities and this was provided through the water reserves.

Reserve Summary

Description	Balances at December 31, 2012	2013 Net Transfers from/(to) Operating	2013 Capital Transfers	2013 Yearend Transfers	Balances at December 31, 2013	Capital Commitments *	Balance Available at December 31, 2013
NRPS LTA Financing	$ -	$ 912,332	$ -	$ -	$ 912,332	$ -	$ 912,332
Ambulance Communication	1,699,293	(76,427)	-	-	1,622,866	-	1,622,866
Chemical, Biological, Radiological, Nuclear (CBRN)							
Emergency Response Team	261,803	50,936	-	10,077	322,816	-	322,816
Ambulance Replacement	387,123	1,025,442	-	-	1,412,565	-	1,412,565
Niagara Regional Housing	9,436,659	-	-	12,272	9,448,931	-	9,448,931
Fleet Equipment Replacement	6,158,929	1,693,380	(4,127,023)	-	3,725,287	-	3,725,287
Police Vehicle and Equipment Replacement	192,591	1,600,000	(1,600,000)	-	192,591	-	192,591
Welland Canal Crossings	141,695	-	-	-	141,695	-	141,695
NRH Owned Units	1,976,300	368,200	(465,681)	370,000	2,248,819	-	2,248,819
Corporate Employee Recognition Team (CERT)	369,209	(41,850)	-	-	327,359	-	327,359
PW Field Admin. Equip. Replacement	4,752	100,000	(100,000)	-	4,752	-	4,752
Senior Capital	2,422,042	395,037	(800,000)	-	2,017,079	-	2,017,079
Public Health	227,742	75,000	-	-	302,742	-	302,742
Social Assistance	8,489,459	(503,837)	-	-	7,985,622	-	7,985,622
Childrens Services	700,341	-	-	-	700,341	-	700,341
NRH Rent Supplements	420,425	(30,000)	-	-	390,425	-	390,425
Police Contingency	486,029	-	-	-	486,029	-	486,029
Police Services Board Contingency	60,154	-	-	81,444	141,598	-	141,598
Smart Growth	1,684,554	468,250	-	-	2,152,804	-	2,152,804
Fire Co-ordinator	102,162	(14,348)	-	10,625	98,439	-	98,439
Court Services Facility Renewal	2,212,565	1,000,000	-	(547,432)	2,665,133	-	2,665,133
Police Capital Levy	1,186,930	1,100,000	(944,000)	-	1,342,930	(150,000)	1,192,930
General Capital Levy	5,825,007	20,289,273	(19,716,403)	482,517	6,880,393	(2,838,530)	4,041,863
Public Health Vehicles & Equipment	366,040	-	-	-	366,040	-	366,040
Specialized Transit Equipment	286,195	-	-	(115,456)	170,739	-	170,739
Total Department/Program Specific Reserves	**45,098,001**	**28,411,387**	**(27,753,107)**	**304,047**	**46,060,328**	**(2,988,530)**	**43,071,798**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

Reserve Summary (continued)

Description	Balances at December 31, 2012	2013 Net Transfers from/(to) Operating	2013 Capital Transfers	2013 Yearend Transfers	Balances at December 31, 2013	Capital Commitments *	Balance Available at December 31, 2013
Police Accumulated Sick Leave	4,276,341	(447,901)	-	-	3,828,440	-	3,828,440
Future Benefit Costs	9,147,694	-	-	-	9,147,694	-	9,147,694
WSIB	14,087,980	-	-	-	14,087,980	-	14,087,980
Accumulated Sick Leave	2,759,434	(250,000)	-	-	2,509,434	-	2,509,434
NRH Employee future benefits	805,005	-	-	(12,272)	792,733	-	792,733
Police Future Benefit Cost	2,028,070	912,332	-	-	2,940,402	-	2,940,402
Police WSIB	2,444,590	225,000	-	-	2,669,590	-	2,669,590
Sub-total Employee Benefit Reserves**	35,549,113	439,431	-	(12,272)	35,976,272	-	35,976,272
Investment Income Stabilization	1,561,294	(398,322)	-	-	1,162,972	-	1,162,972
Tax Write off Stabilization	5,000,000	-	-	-	5,000,000	-	5,000,000
Self Insurance	2,498,184	(95,000)	-	-	2,403,184	-	2,403,184
Contingency	8,837,428	(513,845)	-	750,000	9,073,583	-	9,073,583
Improvement Initiatives	633,705	(11,996)	-	1,000,000	1,621,709	-	1,621,709
Taxpayer Relief	3,449,900	(1,725,000)	-	3,309,911	5,034,811	-	5,034,811
Total Corporate Stabilization Reserves	**57,529,626**	**(2,304,732)**	**-**	**5,047,639**	**60,272,531**	**-**	**60,272,531**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

** An actuarial evaluation completed in October 2012 has forecasted employee future benefit liabilities (including vacation and lieu liabilities) to December 31, 2013 of $91,160,526 (Reserves = $35,976,272).

Reserve Summary (continued)

Description	Balances at December 31, 2012	2013 Net Transfers from/(to) Operating	2013 Capital Transfers	2013 Yearend Transfers	Balances at December 31, 2013	Capital Commitments *	Balance Available at December 31, 2013
Health Unit Wallington	44,778	-	-	-	44,778	-	44,778
Total Regional Donation Reserves	**44,778**	**-**	**-**	**-**	**44,778**	**-**	**44,778**
FCM Reserve	350,000	-	-	-	350,000	-	350,000
Circle Route Initiatives	1,482,681	-	-	-	1,482,681	-	1,482,681
Police Ontario Police Video Training Alliance	31,250	-	-	20,000	51,250	-	51,250
Encumbrance	2,915,852	(392,810)	-	-	2,523,042	-	2,523,042
Hospital Contribution	(14,076,200)	304,083	-	-	(13,772,117)	-	(13,772,117)
Land Ambulance Severance	4,681,333	-	-	-	4,681,333	-	4,681,333
Total Regional Commitments Reserves	**(4,615,084)**	**(88,727)**	**-**	**20,000**	**(4,683,811)**	**-**	**(4,683,811)**
Wastewater Operating	-	3,322,320	-	1,649,235	4,971,555	-	4,971,555
Water Operating	-	4,270,456	-	496,542	4,766,998	-	4,766,998
Wastewater Capital	56,488,237	17,204,437	(17,786,784)	29,434	55,935,324	(4,220,000)	51,715,324
Water Capital	73,250,219	15,384,875	(14,560,106)	-	74,074,988	-	74,074,988
Waste Management	15,295,994	705,994	(2,527,000)	3,929,414	17,404,401	(655,000)	16,749,401
Total Rate Supported Reserves	**145,034,449**	**40,888,082**	**(34,873,890)**	**6,104,625**	**157,153,266**	**(4,875,000)**	**152,278,266**
Total (Excluding Deferred Revenues)	**$ 243,091,768**	**$ 66,906,010**	**$ (82,626,997)**	**$ 11,476,311**	**$ 258,847,093**	**$ (7,863,530)**	**$ 250,983,563**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

Deferred Revenues (Development Charges & Gas Tax Reserve Funds)

Description	Balances at December 31, 2012	2013 Net Transfers from/(to) Operating	2013 Capital Transfers	2013 Yearend Transfers	Balances at December 31, 2013	Due from Area Municipalities*	Capital Commitments *	Balance Available at December 31, 2013
Development Charges-General Government	$ 421,775	$ 181,672	$ -	$ -	$ 603,447	$ 33,536	$ -	$ 636,983
Development Charges-Police Services	130,431	564,106	-	-	694,537	109,204	-	803,741
Development Charges-Roads	8,931,300	11,138,007	(2,754,411)	-	17,314,896	2,046,986	(12,364,542)	6,997,339
Development Charges-Sewer	10,313,642	6,966,080	(398,774)	-	16,880,948	1,284,876	(8,549,889)	9,615,936
Development Charges-Water	11,812,061	2,276,264	(319,188)	-	13,769,137	375,758	(784,403)	13,360,492
Development Charges-Emergency Medical	143,765	110,488	-	-	254,253	28,453	-	282,706
Federal Gas Tax	11,162,071	13,255,524	(7,833,368)	-	16,584,206	-	(14,764,045)	1,820,161
Provincial Gas Tax	-	563,733	-	115,456	679,189	-	-	679,189
Total	**$ 42,915,045**	**$ 35,055,874**	**$ (11,306,762)**	**$ 115,456**	**$ 66,780,613**	**$ 3,878,813**	**$ (36,462,880)**	**$ 34,196,546**

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges and/or federal gas tax.
Each quarter and/or yearend a review of the status of the respective capital projects is completed and revenue earned is allocated accordingly.

Development Charge Revenues

	2012 Actuals		2013 Jan - Dec	
Gross Development Charge Revenues	22,864,242		32,246,253	
Less: Discretionary exemptions (Forgone Revenue)	(11,032,574)	48.3%	(10,480,279)	32.5%
Net Development Charges Revenues *	11,831,668	51.7%	21,765,974	67.5%

* Development charge revenues are deposited to the reserve funds above.

Operating Reserve Transfer Reconciliation

All transfers to and from Reserves and Reserve Funds are identified in an approved annual budget (operating or capital) unless they are inflows received in a Reserve Fund from an outside source (i.e development charges, gas tax receipts). A new requirement in the reserve and reserve funds policy requires a report outlining any year to date or forecasted inflows and outflows that were not included in the Council approved annual budget. Below is a summary of transfers to and from reserve and reserve funds not approved in the initial annual budget.

Council approved net operating transfers to reserves		**$ 65,757,622**	
Less: Deferred revenue type reserve transfers		(508,015)	
Total planned net operating transfers to reserves		**65,249,607**	
Additional operating reserve transfers to/(from) reserves:			
Senior Capital Reserve	$ 210,669		Per diem funding increase related to Deer Park Villa construction
General Capital Levy Reserve	15,405		General capital levy - Retroactive funding for construction costs and beds - Deerpark Villa
General Capital Levy Reserve	13,544		Proceeds on surplus properties goes to general capital levy reserve
General Capital Levy Reserve	(253,686)		Transfer of debt charges, difference due to payment of NRH unbudgeted debt substitution (CSD 107-2013)
Senior Capital Reserve	(988)		Home funding based on actuals provided by ministry - Amount represents difference between initial budget and funding actually received
Encumbrances Reserve	(2,915,852)		2012 Encumbrances established in accordance with Council report DF86-179 (CSD 23-2013)
Encumbrances Reserve	2,523,042		2013 Encumbrances (CSD 14-2014)
Fire Co-ordinator Reserve	(28,000)		Fire Co-ordinator personnel accountability equipment (CSD 86-2013)
Ambulance Communication Reserve	(96,000)		Ambulance communication first watch and tritech software licenses (CSD 82-2013)
Improvement Initiatives Reserve	(416,996)		Allocation of funding source as directed by Regional Council
Investment Income Stabalization Reserve	1,678		Difference between budget and amount outlined in the stabilization transfer schedule (CSD 137-2012)
Social Assistance Reserve	500,000		Reverse budgeted reserve transfer - not needed for program implementation (COM 34-2013)
Interest allocation	645,053		Top up of interest allocation to rate reserves in excess of budget per reserve and reserve fund policy
Contigency Reserve	(663,846)		Industrial development charge grants (By-law 09-2013) - RDCPTF 14-2012
Yearend transfers back to reserves	2,122,380	1,656,403	Unused funds transferred back to reserves (CSD 11-2014)
Net operating transfers to reserves (page 41)		**$ 66,906,010**	

Capital Reserve Transfer Reconciliation

All transfers to and from Reserves and Reserve Funds are identified in an approved annual budget (operating or capital) unless they are inflows received in a reserve fund from an outside source (i.e development charges, gas tax receipts). A new requirement in the reserve and reserve funds policy requires a report outlining any year to date or forecasted inflows and outflows that were not included in the Council approved annual budget. Below is a summary of transfers to and from reserve and reserve funds not approved in the initial annual budget.

Uninitiated 2012 Capital Budget Items (Capital Commitments) at Dec. 31, 2012		**$ 2,730,000 ***
2013 Council Approved Capital Budget	$ 96,102,236	
Less: Deferred Revenues type Reserve Fund Transfers	(25,284,000)	70,818,236
Total Planned Capital Reserve Transfers		73,548,236
Unused Capital Reserve Funding Transferred back to Reserve per CSD 46-2013:		
Emergency Response Team	(200,000)	
General Capital Levy - Public Health	(200,000)	
General Capital Levy - Emergency Capital Levy	(1,000,000)	
Police Equipment Replacement	(237,136)	
NRH Owned Units	(1,025)	
Sewage Operations Capital Works	(979,168)	
Water Operations Capital Works	(3,895,684)	(6,513,013)
Unused Capital Reserve Funding Transferred back to Reserve per CSD 107-2013:		
Police Equipment Replacement	(9,843)	
Sewage Operations Capital Works	(6,844,048)	
Water Operations Capital Works	(186,206)	(7,040,097)
General Capital Levy - Debt substitution per CSD 107-2013		10,495,403
Unallocated budgets (total or portion of project yet to be initiated):		
Sewage Operations Capital Works		(4,220,000)
Waste Management		(655,000)
Police Capital Levy		(150,000)
General Capital Levy		(2,838,532)
Total Capital Reserve Transfers (page 41)		**$ 62,626,997**

***Opening balance of 2012 year end Capital Commitments has been revised from the December 31, 2012 year-end financial update.**

Capital Summary

The Corporate Services department develops the Capital Affordability Strategy, the Capital Financing Strategy and Capital Budget guidelines in co-ordination with department and board input and in alignment with Council objectives and corporate policies. The Corporate Services department is responsible for the following:

- preparing the consolidated capital budget and forecast based on the requests of departments and boards
- co-ordinating capital initiations, financing, close out approvals and reporting
- supporting tangible capital asset accounting in accordance with the Capital Asset Management Policy
- reporting on the consolidated activity of the capital program

The capital budget represents priority projects as determined by the departments and boards and approved by Council. Following capital budget approval, projects are initiated based on department requirements and timing to complete projects. Project managers within departments and boards administer the projects and maintain the related tangible capital asset information. Project managers are accountable for monitoring the capital projects within the capital program and taking corrective action, when necessary, including both reporting on significant variances as well as taking part in the capital close out process.

Capital Project Summary

Illustrated below is the $778.5 million budget managed by the Niagara Region, representing 732 projects, total capital spending to date of $377.2 million and budget remaining of $401.2 million. This chart represents, in aggregate, all currently active and uninitiated projects managed by the Niagara Region.

Capital project detail for 56 projects with remaining budgets greater than $1 million is discussed on subsequent pages.

Departments and Boards	Total Budget (includes Capital Variance Reserves)	Project-to-Date Actuals	Budget Remaining
Projects with remaining budgets >$1M			
Corporate Services	21,340,000	942,916	20,397,084
Niagara Regional Housing	9,982,623	6,611,303	3,371,320
Niagara Regional Police Services Board	104,226,877	11,193,582	93,033,295
Public Health	4,525,461	442,070	4,083,391
Public Works - Levy	123,769,231	22,140,650	101,628,581
Waste Management	1,455,000	0	1,455,000
Wastewater	59,828,000	11,617,994	48,210,006
Water Works	47,644,606	25,092,139	22,552,467
	372,771,798	78,040,654	294,431,144
Projects with remaining budgets <$1M	405,714,750	299,205,729	106,809,021
Grand Total	**778,486,548**	**377,246,383**	**401,240,165**

Capital Project Detail

In addition to the capital project summary, a detailed analysis of capital projects with budgets remaining greater than $1 million is presented below. There are a total of 56 projects totaling $372.8 million of approved capital budget. Project spending to date on these projects amounts to $78.0 million, representing 20.9 per cent of the approved capital budget on these projects.

Estimated year of completion has been provided by project managers within their respective departments. The Niagara Regional Police Service (NRPS) Long Term Accommodations (LTA) project is included in this analysis. Excluding the NRPS LTA project, spending for those projects with budgets remaining greater than $1 million as a percentage of their overall budget is 23.4 per cent.

Departments and Boards Project Description	Total Budget (includes Capital Variance Reserves)	Project-to-date Actuals	Budget Remaining	Est. Year of Completion
Corporate Services				
Council Chambers Renovations	2,000,000	824,636	1,175,364	2014
Financial Management System	12,940,000	116,704	12,823,296	2016
IT Server Building	3,400,000	1,017	3,398,983	2016
Public Health Facilities	3,000,000	559	2,999,441	2015
	21,340,000	**942,916**	**20,397,084**	
Niagara Regional Housing				
Fitch Street	**9,982,623**	**6,611,303**	**3,371,320**	2014
Niagara Regional Police Services Board				
Communications Unit Back-up	2,250,000	-	2,250,000	2015
Long-term Accomodations - HQ/Admin	83,076,000	10,371,448	72,704,552	2015
NRPS - IT Continuity Plan	1,500,000	178,080	1,321,920	2015
Radio/Data System Infrastructure and Equipment	2,400,877	491,795	1,909,082	2015
Voice Radio System	15,000,000	152,259	14,847,741	2015
	104,226,877	**11,193,582**	**93,033,295**	

Capital Project Detail (cont'd)

Departments and Boards Project Description	Total Budget (includes Capital Variance Reserves)	Project-to-date Actuals	Budget Remaining	Est. Year of Completion
Public Health				
Construction EMS Buildings	2,418,482	94,442	2,324,040	2015
Ambulance and Equipment Replacement	2,106,979	347,628	1,759,351	2014
	4,525,461	**442,070**	**4,083,391**	
Public Works - Levy				
Embankment Stabilization RR 14 (Canboro Rd) at Warner	2,400,000	530,353	1,869,647	2015
Lakeshore Rd, from Geneva St to Bradmon Dr	6,524,718	4,679,586	1,845,132	2014
Niagara St, Scott St to Vine St	3,473,324	2,036,761	1,436,563	2014
Niagara Stone Rd at Concession 6	2,400,000	340,721	2,059,279	2014
Rds Rehab - Roads Resurfacing Program Ph 2	2,288,911	1,045,667	1,243,244	2014
Rds Rehab-Canborough Rd from Townline to RR 20	5,400,000	-	5,400,000	2015
Reconst RR 102(Stanley Ave), Thorold Stone Rd to Valley Way - Phase 3	5,240,000	192,544	5,047,456	2015
Reconst RR 102(Stanley Ave), Whirlpool Rd to Thorold Stone Rd - Phase2	4,058,100	2,369,314	1,688,786	2015
Reconstruction RR 49 (McLeod Rd), Montrose Rd to Stanley Ave, NF	9,525,883	39,162	9,486,721	2015
Reconstruction RR 57 (Thorold Stone Rd) ext east of Stanley Ave	4,000,000	566,562	3,433,438	2015
Reconstruction RR 57 (Thorold Stone Rd) ext east of Stanley Ave	2,500,000	-	2,500,000	2015
Reconstruction RR 89 (Glendale Ave), CNR to Canal Pkwy, Ph 2, SC	6,947,000	5,577,617	1,369,383	2014
Rehab RR 5 (Killaly St), King St to Steele St	5,412,295	355,778	5,056,517	2014
Replacement of Burgoyne Bridge	63,599,000	4,406,585	59,192,415	2017
	123,769,231	**22,140,650**	**101,628,581**	
Waste Management				
2011 Green Retrofit Project, Recycling Centre	**1,455,000**	-	**1,455,000**	2015

Capital Project Detail (cont'd)

Departments and Boards Project Description	Total Budget (includes Capital Variance Reserves)	Project-to-date Actuals	Budget Remaining	Est. Year of Completion
Wastewater				
Anger Ave WWTP Upgrade Ph 2	1,500,000	62,399	1,437,601	2014
Chippawa Sewer Flooding - CSO Tank Construction	5,000,000	169	4,999,831	2016
Crystal Beach WWTP Upgrade Ph 2	5,500,000	4,312,424	1,187,576	2014
Eastchester Ave Pump Station Upgrade	2,000,000	113,753	1,886,247	2015
Kalar Rd Pump Station Upgrade	2,500,000	1,339,716	1,160,284	2014
Misc Prgm-Biogas Utilization	1,200,000	-	1,200,000	2015
Murray St Sewer Rehabilitation Ph 2	2,000,000	212,640	1,787,360	2014
Murray Street Sewer Rehab	2,343,000	1,261,767	1,081,233	2014
NOTL WWTP Plant Design	2,000,000	798,287	1,201,713	2014
Port Weller WWTP - bar screen and alum tank upgrade	2,725,000	612,280	2,112,720	2015
PS Capacity Expansion Prg-Smithville PS capacity upgrade Ph 1	10,000,000	9,659	9,990,341	2015
PS Improvement Program - Ontario St SPS	1,500,000	-	1,500,000	2015
PS Improvement Program - Roberts Rd SPS	4,000,000	1,704,508	2,295,492	2015
PS Improvement Program - Victoria Rd	1,260,000	-	1,260,000	2015
Sewer & Forcemain Prg-Park Rd Sewer Repl	5,000,000	7,279	4,992,721	2015
Sewer Relining Program	1,100,000	-	1,100,000	2015
South Side Low Lift Pump Station Upgrade	2,500,000	-	2,500,000	2016
Welland WWTP Upgrade Program	2,500,000	1,139,764	1,360,236	2014
Wet Weather Flow/CSO Control Program	3,700,000	-	3,700,000	2016
WWTP Upgrade Prg-Port Dalhousie WWTP Upgrade-Laneway Upgrades	1,500,000	43,349	1,456,651	2014
	59,828,000	**11,617,994**	**48,210,006**	
Water Works				
Decew WTP Upgrade based on age/cond	10,000,000	4,227,774	5,772,226	2015
Edgedale / Eastchester Watermain Replacement	13,138,704	9,590,449	3,548,254	2014
Grimsby WTP Brick Replacement	5,000,000	1,470,688	3,529,312	2015
Niagara Falls WTP Structure Upgrades - Settling Tanks	7,000,000	5,852,974	1,147,026	2014
Painting Bemis Park Elevated Tank	2,000,000	796,853	1,203,147	2014
Watermain Replacement Farr Ave / Highland Ave (design)	2,400,000	1,143,484	1,256,516	2014
Welland WTP Upgrade (Revised)	2,105,903	997,194	1,108,709	2014
WM Prgm-Watermain replacement on Collier Rd	4,500,000	649,911	3,850,089	2014
WTP Upgrade Prg-Grimsby WTP replace highlift pumps	1,500,000	362,814	1,137,186	2014
	47,644,606	**25,092,139**	**22,552,467**	
Projects with remaining budgets >$1M Total	**$ 372,771,798**	**$ 78,040,654**	**$ 294,731,144**	

Capital Project Negative Budget Variances

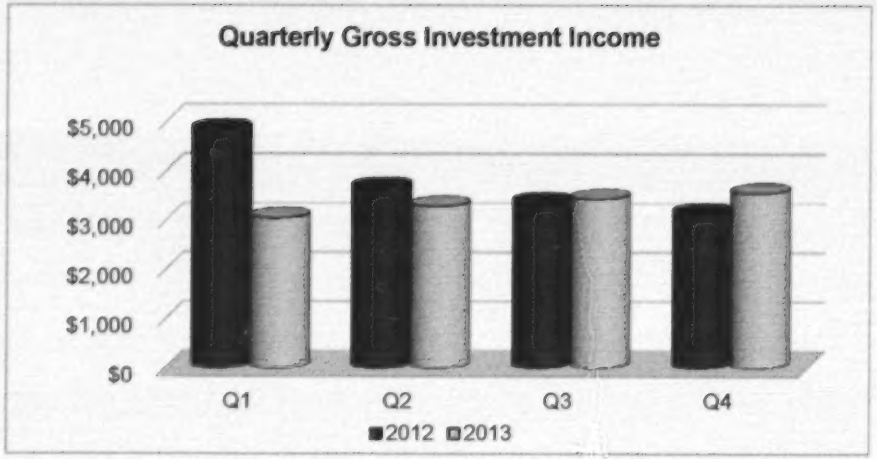
The Capital Asset Management Policy requires monitoring capital projects to identify projects for which a funding deficit has occurred and provides guidelines for addressing those deficits. Criteria used to identify significant variances are those greater than $5,000 and five per cent over total budget at a parent project level. The policy also requires that projects be put on hold where they have been reported two times consecutively until such time as a funding source has been identified.

Project Description	Total Budget (Includes Capital Variance Reserves)	Project-to-date Actuals	Variance	
			$	%
General Government				
ZGG1002 - Niagara District Airport	$ 11,785,357	$ 12,187,723	$ (402,366)	3.41%
Explanation: The Niagara District Airport project, funded through the Infrastructure Stimulus Fund (ISF) has completed construction however the project remains open due to deficiencies. The majority of these deficiencies have been rectified however there remains a performance issue related to the asphaltic concrete pavement on the apron. Additional costs are possible yet unknown at this time as they are dependent on the outcome of the deficiencies and legal action.				
Properties Management				
ZGD0705 - Module System Upgrade	$ 485,000	$ 512,982	$ (27,982)	5.77%
Explanation: Additional costs incurred were related to the Campbell West washroom renovations. Project scope was expanded to include items not originally included in the budget.				
Transportation				
ZRC0236 - Reconstruction RR 81 (St. Paul St.) Ninth to Seventh St.	$ 7,219,677	$ 8,852,144	$ (1,632,467)	22.61%
Explanation: As outlined by memo to Public Works Committee (PWC 50-2013), cost overruns are due to design changes to the structural retaining walls and additional contaminated materials to be disposed of off-site. The most recent forecasted cost overrun for project completion is in the range of $1.8M to $2M.				
Total	**$ 19,490,034**	**$ 21,552,849**	**$ (2,062,815)**	

Investment Report (in 000's)

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security excluding Cash Balance
Investments		
Region of Niagara	27,487	6.4%
Federal	14,799	3.5%
Provincial	127,211	29.8%
Municipal	64,982	15.2%
Corporate	192,847	45.1%
TOTAL excluding Cash	427,326	100.0%
Cash (General Checking) *	34,252	
Cash (Savings)	49,783	
Cash (Sinking Fund)	171	
TOTAL including Cash	511,532	

Note: Cash balances shown are the amounts held by the financial institution at the end of the quarter and do not include adjustments for outstanding payments or deposits.



Funds	Book Value	Weight Q2
Cash	84,035	16.4%
Cash Equivalents < 1 Year	99,393	19.4%
2 Year	91,816	17.9%
3 Year	63,164	12.3%
4 Year	33,575	6.6%
5+ Year	134,804	26.4%
Sinking Fund (Incl. Cash)	4,745	0.9%
Total Portfolio	511,532	100%

	Q1	Q2	Q3	Q4	Total
2012 Actuals (Gross)	4,846	3,672	3,369	3,144	15,031
2013 Budget (Gross)	2,862	2,969	3,030	2,971	11,832
2013 Budget (Net)	2,862	2,969	3,030	2,371	11,232
2013 Actuals (Gross)	3,051	3,290	3,433	3,554	13,327
2013 Actuals (Net)	3,051	3,290	3,433	1,458	11,232

Note: Net amounts are after interest allocation to reserves and recommended transfer to/from investment income stabilization reserve.

Investment Update

Investment earnings on the portfolio for the fourth quarter of 2013 amounted to $3,552,728. Segmented earnings were $3,075,569 on investments and $477,159 on the cash balance. The fourth quarter annualized yield on the investment and cash portfolio was 2.75 per cent vs. 2.65 per cent in the prior quarter. At December 31, 2013, the portfolio had unrealized market gains (market value vs. book value) of $5,501,275. Total gross investment income for 2013 is favourable when compared to the budget by $1,493,825.

Corporate Financial Statistics

	2013	2012	2011	2010	2009
Affordability					
Net levy	$ 303,105,214	$ 294,544,180	$ 282,829,024	$ 282,549,699	$ 280,257,383
Net levy per capita	$ 681	$ 659	$ 656	$ 637	$ 633
Reserve Balances					
Levy reserves (before yearend transfers)	$ 96,322,140	$ 98,054,930	$ 115,252,555	$ 122,548,068	$ 133,621,809
Levy reserves as a % of levy	31.78%	33.29%	40.75%	43.37%	47.68%
Rate reserves (before yearend transfers)	$ 151,048,641	$ 135,944,430	$ 120,511,216	$ 144,133,978	$ 115,131,571
Rate reserves as % of rate requisition	106.78%	97.33%	88.37%	107.14%	88.18%
Net Long Term Debt					
Debt servicing as a % of own source revenues	6.77%	7.53%	8.44%	6.77%	6.55%
Debt as a % of own source revenues	41.82%	45.29%	50.40%	56.39%	32.94%
Credit rating	AA stable	AA stable	AA stable	AA stable	AA stable
Net long-term debt	$ 228,613,129	$ 243,163,351	$ 264,167,325	$ 295,527,843	$ 167,571,880
Net long-term debt per capita	$ 513	$ 544	$ 612	$ 666	$ 378
Net debt charges	$ 37,010,766	$ 40,437,634	$ 44,259,801	$ 35,480,909	$ 33,307,433
Net debt charges per capita	$ 83	$ 91	$ 103	$ 80	$ 75
Annual repayment limit	$ 96,182,374	$ 90,120,066	$ 95,547,000	$ 87,754,000	$ 81,724,000

Budget Adjustment Summary

Throughout the year, budget adjustments are made to reflect revised external funding for programs and to reallocate costs between departments or accounts due to operational changes. The primary drivers of the external funding adjustments are Ministry funded programs as they set their budgets following Regional budget approval. However, the Ministries want to see these dollars reflected in the Region's budget. For this reason, adjusting the gross budget throughout the year has been a long standing practice of the Niagara Region. Adjusting the gross budget has no impact on the levy as both external revenue and expenses are increased equally to reflect program requirements. The net budget, impacting levy and rate, is not adjusted. Below is a summary of gross budget adjustments that have been processed to date. Reallocations of costs within departments or categories are not summarized below. The adjusted budget is presented throughout this reporting book.

Original Budget Revenue & Expenditures		**$ 803,637,573**
Budget Adjustments (Adjustments to the original gross revenue & expenditure budget).		
Department	**Amount**	**Details**
Community Services	$ 223,137	Budget compliance - A matter of labour relations operating impacts to Niagara Region's Long Term Care (confidential report COM 42-2012)
Community Services	210,669	Per diem funding increase related to Deer Park Villa construction
Community Services	186,452	Funding for Deer Park Suites enhanced client services and South Niagara Health and Wellness Centre enhanced client services (COM 43-2012)
Community Services	401,438	Funding for Convalescent Care Program (COM 08-2013)
Community Services	23,533	Funding for Program Support Services Level of Care (COM 29-2013)
Corporate Services	416,996	Allocation of funding source as directed by Regional Council
Public Health	39,325	Funding for Health Communities Fund Partnership Steam (Apr 1, 2012 - Mar 31, 2013) fiscal year announced December 21, 2012
Public Health	64,750	Funding workplace-based cessation demonstration project (2012-2013) and Smoke-Free Ontario Strategy (Aug 1, 2012 - Mar 31, 2014) announced December 24, 2012
Public Health	37,136	Additional subsidy received for pay for performance adjustment
Public Health	241,177	Funding for Panorama Project (Apr 1, 2012 - Mar 31, 2013 as per Amending Agreement No. 4)
Public Health	(40,000)	Refinement of subsidy expectation for Breastfeeding Social Determinants of Health program
Public Health	189,164	Ministry of Health and Long Term Care funding changes for Tobacco Protection & Enforcement, Healthy Smiles Ontario, Child in Need of Treatment (CINOT) Expansion Program and Needle Exchange Program
Public Health	456,379	Funding for Healthy Babies, Healthy Community Fund and Panorama Project (Ministry Funding Letters for Apr 1, 2012 - Mar 31, 2014)
Public Health	334,659	Funding for Physcian Services Agreement (annualized based on Jan - Mar 2013 PSA Funding Agreement)
Emergency Services	619,879	Funding for Offload Nurse (Apr 1, 2013 - Mar 31, 2014) (PHD 17-2013)
Emergency Services	94,801	Increased 2013 funding for Land Ambulance (PHD 15-2013)
Emergency Services	160,000	**3,659,495** Allocation of funding source as directed by Emergency Services staff
December 31, 2013 Adjusted Budget		**$ 807,297,068**

Encumbrances

Encumbrance accounting is a mechanism to facilitate the accounting of goods and services where an obligation to purchase has occurred but the goods or services had not been received by year end. Public sector accounting requires the Niagara Region to follow accrual based accounting. This creates a funding complication in that items ordered and services contracted near year end and received subsequent to year end would not be matched to their budgeted funding. Encumbrance accounting was introduced to effectively transfer the budgeted funding for goods and services where a purchase order, contract or other commitment exists, to an encumbrance reserve at year end. Below is a detailed summary of 2013 encumbrances by department as reported in CSD 14-2014.

Description	Amount	
General Government		
RRIT - Long-Term Care Homes Consolidation Study (RRIT 15-2013)	98,800	
Economic Development		
Marketing Services, Brand Equity Assessment, Social Media Plan and Communication Plan	117,634	
Integrated Community Planning		
MMM Group - Niagara Peninsula Source Protection Plan Implementation	26,750	
MMM Group - Aggregate Advisor - Lafarge Landfill Pit Expansion	163,140	
AMEC - Greater Niagara Circle Route Comprehensive Asset Management Strategy	95,000	
NPCA - Ontario Geological Survey	50,000	
NPCA - Private Water Supply Study	50,000	
Ehl Harrison Colsulting Inc. - Facilitator - Aggregare Pit Expansion Public Consultation	33,042	
Township of West Lincoln - Twenty Mile Creek Trail (2012 - $37,500)	37,500	*
Total Encumbrances for Integrated Community Planning	**455,432**	
Public Health		
EMS - Fleet Centre Leasehold Improvements (2012 -$111,572)	218,140	*
EMS - Fire Co-ordinator Case Commander System	19,357	
PH - Laptop Docking Stations and Tablets	30,871	
PH - Roads Safety Project (2012 - $138,547)	137,451	*
Total Encumbrances for Public Health	**405,819**	

Encumbrances (continued)

Public Works

Waste Management - Development of the Collection Contract Data Management System	100,000	
Waste Management - Consulting Services for the Next Service Level Review	100,000	
Waste Management - Consulting Services for Pumping Operations and Monitoring Program	171,068	
Waste Management - Radio Advertisement Contract for 2013-2014	10,000	
Waste Management - Creative Services for Plastic Bags Communication Campaign	64,000	
Waste Management - Phase 2 Public Space Recycling Program (2012 - $89,294)	70,000	*
Waste Management - Alternative Waste Management Technologies Assessment (2012 -$205,000)	223,000	*
Waste Management - Waste Audits for Program Monitoring and Benchmarking (2012 - $55,000)	55,000	*
W/WW - Raw Water Pipe Maintenance - RoseHill WTP	535,160	
Transportation - Master Plans Terms of Reference	60,718	
Transportation - Queenston Rd. Bike Lane Funding	56,411	
Total Encumbrances for Public Works	**1,445,357**	
TOTAL	**2,523,042**	

* Encumbrance balances that have been carried over from 2012

Encumbrance History

	2013	2012	2011	2010	2009
Administration	$ -	$ -	$ -	-	$ 20,000
Community Services	-	-	-	-	34,000
General Government	98,800	-	-	-	-
Corporate Services	-	200,880	580,593	18,460	147,600
Economic Development	117,634	-	-	-	-
Integrated Community Planning	455,432	833,713	992,671	172,144	177,000
Niagara Regional Housing	-	196,692	157,224	75,808	43,964
Public Health	405,819	458,087	-	-	577,359
Public Works	1,445,357	1,226,480	924,323	803,078	821,197
TOTAL	$ 2,523,042	$ 2,915,852	$ 2,654,811	$ 1,069,490	$ 1,821,120

Explanation of Statement of Operations

The statements of operations provided in the preceding pages summarize the Niagara Region's financial operating activity as of December 31, 2013. These statements have been compiled by Corporate Services and the departments have validated the information and provided commentary.

These statements present the net funding position of Niagara Region's operating budget and do not include Private Sector Accounting (PSA) adjustments for amortization, employee future benefits and landfill liability. Approved and/or expected unbudgeted transfers to/from reserves can offset other variances and impact net surplus/deficit reported by departments. These statements do not include capital activity.

Definitions are provided below to support the report.

Report Columns

Annual Budget - represents the annual budget approved by council in December 2012 with budget adjustments as explained on page 52.

Actual - represents actual costs incurred and revenues earned from January to December. Departments have accrued for goods or services received but not yet paid for and revenues earned but not yet received.

Annual Budget vs Actual Variance - represents the difference between the annual budget and actual. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Report Rows

EXPENDITURES

Personnel Costs - includes all salaries, benefits and personnel related allowances (meals, clothing, training, etc).

Administrative Expenses - includes some allowances (car, mileage, etc.), memberships, training and related expenses and other miscellaneous expenses.

Materials, Supplies and Utilities - includes costs for; chemical, medical and office supplies, small equipment, waste management supplies, and all utilities.

Repairs & Maintenance - includes all costs to repair or maintain equipment, property and vehicles.

Purchased Services and Other Operating Expenses - includes costs for audit, advertising, consulting, insurance, leases, contracted services, Court Services expenses and other expenses.

Explanation of Statement of Operations (continued)

Social Assistance - costs include all Ontario Works allowances and benefits program costs.

Financial Expenditures - includes all interest charges, principal debt payments, tax write-offs, and bad debt expense. The debt related charges included in this section are allocated to departments though the chargeback/recovery process.

Capital Equipment and Renovation - costs include all capital expenditures processed through the operating statement.

Niagara Regional Housing (NRH) Provider Subsidy and Supplements - includes all rent supplements and the use of all housing related subsidies.

Transfer to Reserves - includes all transfers of funds in the current year from the operating program to a reserve. At a corporate level the net of the transfers to reserves and the transfers from reserves represents our total contribution to reserves or draw on reserves in the year.

Allocations Between Departments – includes all direct rate-based costs that are allocated to the beneficial recipient by the department providing the service or goods and calculated based on a pre-established rate. The pre-established rate is intended to recover the costs incurred by the service provider (time and material).

Allocations Within Departments – includes all costs for shared services that are allocated between divisions internal to their department.

Allocations to Capital Program – includes all eligible costs recorded and managed in the operating program allocated to the capital program.

Indirect Allocation – includes all costs that are not directly traceable to a specific program or department (i.e. HR, finance, legal, IT, properties, print shop and communications). Indirect costs are common resources shared by several programs and services that require an allocation to determine full cost of the program or service.

Debt Allocation – includes allocations of all debt charges incurred to programs and services based on projects the debt is issued to fund.

Explanation of Statement of Operations (continued)

REVENUES

Taxation – Levy - includes all revenues received from area municipalities including payment-in-lieu and supplemental. It also includes power dams revenue.

Taxation – Rate - includes all funds received to support waste management, water and wastewater operations.

Ontario/Canada Grants - includes all funds received from the provincial and federal governments.

Fees and Services Charges - includes shared services revenue (without shared services agreement), licenses, permits and approvals, and fees and service charges on the User Fee By-Law such as child care fees, health fees, police fees (i.e. accident reports, etc), seniors homes fees (i.e. long term care accommodations fees), road fees and other miscellaneous fees (i.e. zoning).

Other Revenue - includes shared services revenue (with shared services agreement), investment income, Court Services revenue, recycling revenue, NRH revenue and other revenue.

Transfers from Reserves - includes all transfers of funds in the current year to the operating program from a reserve. At a corporate level the net of the transfers from reserves and the transfers to reserves represents our total contribution to reserves or draw on reserves in the year.

Notes

Annual Financial Update

Niagara Region

Niagara Region Printing Services – Mar. 28, 2014